



# ***Daily Report***

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## **China**

FBIS-CHI-95-071  
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13 April 1995

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# Daily Report

## China

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**General**

**Foreign Ministry Holds Weekly News Conference**

**No Service for Chen Yun**

HK1304083695 Hong Kong AFP in English 0822 GMT  
13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (AFP)—In an unprecedented move for a senior official, China will not hold a memorial meeting or ceremony of last respects for late party elder Chen Yun, a foreign ministry spokesman said Thursday [13 April].

"In accordance with the relevant regulations and his personal will, there will be no memorial meeting or ceremony to pay last respects," foreign ministry spokesman Chen Jian said three days after the death of 90-year-old Chen.

The Marxist economist was the main political rival of Deng Xiaoping and ranked second only to the 90-year-old patriarch in terms of influence.

When asked why the national flag in the capital's central Tiananmen Square had not yet been lowered to mark Chen Yun's death, the spokesman told journalists that information on this matter was yet to be released.

"Usually we do not do that (lower the flag) on the day of death," he said at a weekly new briefing.

Chen Jian gave no reply when asked why it had taken more than 28 hours for China's state-run media to report the death of Chen Yun.

**Officials Bid Farewell**

HK1304102695 Hong Kong AFP in English 1011 GMT  
13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (AFP)—Chinese officials will say their farewells to late party elder Chen Yun on the day of his cremation, but no big gatherings will be held to mark his passing earlier this week, Chinese sources said Thursday [13 April].

The clarification followed remarks by foreign ministry spokesman Chen Jian that "in accordance with the relevant regulations and his (Chen Yun's) personal will, there will be no memorial meeting or ceremony to pay last respects."

The remarks were initially taken to mean that the government was breaking with previous precedent for party veterans, but an official confirmed later that "Chinese leaders will say their farewells to Chen on the day of his cremation and flags will fly at half mast."

The 90-year-old Marxist economist—who ranked second only to Deng Xiaoping, also 90, in terms of influence and was also the ailing patriarch's main political rival—died Monday from an undisclosed illness.

Events for Chen would be "the same as for Wang Zhen and other important leaders," the official said. In the past, national television has shown party and state leaders bidding farewell to leaders' bodies as they lie in state before cremation.

"According to Chen Yun's wish there will be no big gathering, but Chinese leaders will come to say their farewells," a source close to his family said, but gave no date for the funeral.

Chen, like Wang Zhen, was one of the original "eight immortals," the elite group of revolutionary veterans who joined the party after its founding in the 1920s and survived the 1934-35 Long March.

Only four immortals now remain, after the deaths of Li Xiannian and Deng Yingchao in 1992 and Wang one year later.

The initial remarks by the foreign ministry spokesman appeared aimed at side-stepping a 1990 government regulation that specifically bans "memorial meetings and ceremonies of last respects" for dead officials. It says nothing however about gatherings "to bid farewell."

The regulation was imposed the year after the 1989 Tiananmen Massacre, seeking to prevent large-scale mourning activities from developing into protests and to curb public dissatisfaction over extravagant spending for state funerals.

Official extravagance and corruption were among the main grievances of demonstrators in 1989, who gathered in Tiananmen Square in April initially to mourn the death and demand the rehabilitation of disgraced party secretary Hu Yaobang.

**Wang Suicide Investigated**

HK1304094095 Hong Kong AFP in English 0934 GMT  
13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (AFP)—An investigation has been launched into the recent suicide of Beijing's deputy mayor, a foreign ministry spokesman said, stressing that the incident would not derail the government's anti-corruption struggle.

Wang Baosen killed himself on April 4 "after being implicated in a case of economic crime," spokesman Chen Jian said, adding that an inquiry was under way.

According to reliable sources, Wang was involved in an investigation into irregularities in approving a huge construction project in Beijing.

Municipal authorities have refused to comment on the nature of the irregularities. But three former secretaries of the capital's communist party chief Chen Xitong, mayor Li Qiyang and vice mayor Zhang Baifa, have been detained as part of an investigation into economic crimes.

"To practice clean government and oppose the spread of corruption is the consistent policy of the Chinese government," Chen said, adding that the anti-graft campaign would be seen through "to the end."

Corruption and inflation were the two key factors that led Beijing residents onto the streets to join the 1989 pro-democracy movement that was brutally suppressed on June 4.

#### **Marshall Islands' Kabua Invited**

OW1304081895 Beijing XINHUA in English 0806  
GMT 13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (XINHUA)—At the invitation of Chinese President Jiang Zemin, President Amata Kabua of the Republic of the Marshall Islands will pay an official visit to China from April 21 to 26.

This was announced here today by a Foreign Ministry spokesman at a weekly press conference.

#### **Swiss Official To Visit**

OW1304082295 Beijing XINHUA in English 0810  
GMT 13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (XINHUA)—At the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, Flavio Cotti, member of Federal Council and Foreign Minister of Switzerland, will pay an official visit to China from April 23 to 28.

This announcement was made here today by a Foreign Ministry spokesman at a weekly press conference.

#### **Qian Qichen Interviewed on Polish TV**

LD1204205995 Warsaw TV Polonia Network in Polish  
1405 GMT 12 Apr 95

[Interview with Chinese Foreign Minister Qian Qichen, speaking in Chinese with superimposed Polish translation, by Radek Sikorski, speaking in English with superimposed Polish translation, in Beijing; date not given—recorded; interview originally broadcast on Warsaw TVP Television First Program Network in Polish]

[FBIS Translated Text] [Sikorski] [video shows Tiananmen Square] Today, Qian Qichen, deputy prime minister and minister of foreign affairs, will give us the first interview in history granted at such a high level. The very fact that this sole formal interview has been granted manifests China's new openness, particularly towards Poland.

[Video shifts to room where interview takes place] First of all, I would like to ask you about Afghanistan. As a result of its help given to the Moslem partisans, China contributed to the defeat of the Soviet Union in that war. Was that defeat, in your opinion, the catalyst of the Soviet Union's disintegration?

[Qian] In my opinion, the Soviet invasion of Afghanistan was an unjust war, which China and many countries all over the world opposed. The defeat of the Soviet Union in Afghanistan was inevitable. However, when it comes to the disintegration of the Soviet Union, there were many complicated reasons for it, and China did not have anything to do with it.

[Sikorski] What, according to you, caused the disintegration of the Soviet Union?

[Qian] In my opinion, the political errors made by the Soviet leadership. Their primary result was the breakdown of the Soviet economy. Instead of a market economy, the Soviet Union adopted the model of a highly centralized economy. Consequently, the Soviet Union continued to lose out in international competition and was not able to adjust to the changing conditions. Second, the Soviet Union made serious mistakes in its nationalities policy. Third, on the diplomatic front, the Soviet Union tried to compete with the United States in arms expenditure. I believe that the arms race seriously weakened the Soviet economy. In fact, it would weaken any economy, even the strongest one. So, the disintegration of the Soviet Union was the outcome of a number of factors, both internal and external.

[Sikorski] Apparently there is a Chinese saying: May all your wishes come true. Our wishes have come true—the Soviet Union has collapsed and the Cold War has ended. But this has not automatically resulted in peace and stability in international relations. In the West one says that a bipolar world has been replaced by a monopolar world where the United States of America is now the only superpower. Is this how you see it?

[Qian] We are dealing here with many factors which are destabilizing the international system. The confrontation between two military blocs has come to an end. However, does this mean that one superpower will from now on be able to control the entire world? I do not think so. I think that the world is moving towards multiple polarity.

[Sikorski] How do you see Russia today? Is Russia becoming a state of peaceful intentions? Or is Russia trying to regain its empire?

[Qian] Traditionally Russia was a European empire and its center of gravity remains in Europe. At the same time, Russia's territory covers Asia and extends as far as the Pacific. However, the majority of its population and industry still remains in Europe. Russia is like the double-headed eagle that it has as its national emblem. Russia is trying to develop normal relations with China and other countries in Asia and the Pacific region. I hope that it will play a constructive role in this region.

[Sikorski] What is China's policy towards Central Europe? Would you prefer Central Europe to integrate with the West, or would it be in your interest if Central Europe became a gray zone between the West and Russia?



[Qian] China's policy towards Central Europe could be summarized in three points: First, China respects the will of the peoples of Central Europe and their choice of the development path. Second, we hope that traditional friendship, economic cooperation and trade with Central European countries will develop for the benefit of both sides. Third, we think that it is quite understandable that the Central European countries, as part of Europe, want to develop relations with other European countries.

[Sikorski] In the past, China has had better relations with states in central and eastern Europe such as Romania and Albania, which did not (?give in) to the former Soviet Union's hegemony. Does it today see Poland or other countries of central Europe as a possible counterweight to Russia in the case of Russia again undertaking a policy of aggression?

[Qian] In the times of Chinese-Soviet confrontation, or in other words in the times when the Soviet Union sought to exert an overpowering influence upon China, certain countries of Eastern Europe supported the Soviet Union in everything, which hindered normal relations between them and China. Other countries of this region resisted the Soviet Union, and thanks to this we were able to develop friendly relations with them. We hope that such a situation will not ever be repeated.

[Sikorski] Nevertheless, in those bad times when Poland did not belong to the friends of China, our trade exchange exceeded 1 billion dollars per year, and yet now it does not even reach 500 million. What can we do about this?

[Qian] This transpires from the changes in economic systems in our countries. In the past, both in China as in Poland, the decisions on mutual trade were undertaken by the governments of both states. Now trade is in the hands of firms themselves, in accordance with the principles of a market economy. Polish products must now be more competitive. The government of China encourages Chinese firms to cooperate with Polish enterprises. I am convinced that trade between China and Poland will grow.

[Sikorski] What would the stance of China be in relation to Polish membership in NATO? As you know, Russia opposes this.

[Qian] In my view, NATO is transforming itself. The North Atlantic alliance was a component of confrontation between the United States and the Soviet Union. But now, the Warsaw Pact no longer exists. The undertaking of a decision on joining NATO is the sovereign decision of Poland, just as it is for all the other states.

[Sikorski] Do you think that your road from totalitarianism is very different from that which has been chosen by Russia? Russia has tried to reform the economy and the political system simultaneously. As a result, both the economy and the political system of Russia have found themselves in the doldrums. China has freed the

economy, while yet maintaining political stability. Thanks to this, you are experiencing an economic boom. But can you avoid political reforms as well in the longer term?

[Qian] Political stability is the foundation upon which it is possible to build economic development. While maintaining political stability, we do not at all intend to avoid political reforms. We intend to both reform the economic structures and also the political ones. All the time, our concern was to maintain equilibrium between an opening up to the world, economic development, and reforms. Economic development is the aim, which may be attained only by reform. And stability is the condition for success. I do not judge that China today is a totalitarian country. China very much differs from the Soviet Union. In the Soviet Union, there was only one political party, the Communist Party. In China, on the other hand, the political system is based upon People's Congresses and democratic centralism. Apart from the Communist Party, we have eight other political parties. We also have a system of political consultations.

[Sikorski] As you say, prime minister, so as to maintain stability it is sometimes necessary to share power. Do you not judge that China could gain in stability were it to grant greater freedom to particular provinces, that is evolve in the direction of a federal system? Would you not gain in internal stability and the acknowledgement of the world were you to grant more freedom, to Tibet for example?

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[Qian] Provinces and autonomous regions already have a considerable amount of freedom. For instance, the central government and the regional authorities have separate budgets and separate taxation revenues. Ethnic autonomous regions have still more freedom. But in its history China has always been a centrally governed state. We do not have federal traditions like European countries.

[Sikorski] Our countries are far apart from each other, but we have several similar experiences in our history. In the nineteenth century both our countries experienced invasion and occupation. Some of the aggressors were even the same, for example Russia and Germany. Now both our countries are opening up to the world and both are experiencing the invasion of Western culture, especially the consumer-oriented model of life. Do you think it is good, and what influence will it exert on our traditional cultures?

[Qian] China has experienced a lot of ills from foreign aggressors in the 19th century. At the beginning of this century we were attacked by as many as eight foreign countries at the same time. China, however, never remained occupied by foreign forces long, except for Taiwan which remained under the Japanese rule for 50 years. Now China has a policy of reforms and openness to the world. We welcome with satisfaction the economic cooperation and cultural exchange with western countries, and we select what is good in other cultures. China, however, is a homogenous state with the written history reaching back 5,000 years. China has a strong cultural heritage and national ties which serve as a basis for development. In my opinion this tradition will continue growing and developing.

[Sikorski] The world does not know how to treat China. Do you think you are a country belonging to the Third World or are you an emerging superpower?

[Qian] China as a whole is economically rather powerful, although per capita we are still a developing country. For example we are the ninth trading power in the world, but per capita we are somewhere around the 100th place. In my opinion, although very large, China is a developing country.

[Sikorski] Because we are a Catholic country, and additionally the Pope is our compatriot, I will therefore ask: When will he be allowed to travel to China?

[Qian] The Vatican is the only European state which maintains no diplomatic relations with China because it maintains the so-called diplomatic relations with Taiwan. As far as religion is concerned, we respect the Pope but the Church in China is independent of the Vatican and does not react to the Vatican's every whim. There are 3 million Catholics in China and 3 million other Christians. It's not much when compared with our whole population. Furthermore, unlike Poland, where the Church is associated with the struggle for independence, the Church in China was part of imperialist

aggression on China. It will, therefore, be difficult for the Pope to travel to China before these problems have been settled.

[Sikorski] Thank you very much Minister. Taking this opportunity, would you like to convey your personal message to my compatriots?

[Qian] I wish the Polish nation every success in the development of its country.

[Sikorski] Thank you very much.

[Qian] Thank you.

### **Song Jian Urges Stronger Copyright Protection**

OW1204130795 Beijing XINHUA Domestic Service in Chinese 1143 GMT 10 Apr 95

[By Central People's Broadcasting Station reporter Wang Yaling (3769 0068 3781) and XINHUA reporter Qu Zhihong (2575 1807 4767)]

[FBIS Translated Text] Beijing, 10 Apr (XINHUA)—In a written speech to the national conference of copyright bureau directors that opened today, State Councillor Song Jian noted emphatically: The focus of our country's current drive to tighten intellectual property rights protection is to strengthen copyright protection. He fully affirmed the massive amount of work done by the State Copyright Administration and local copyright bureaus over the past year, expressing the hope that all departments and governments at all levels would understand very well the strategic implications of this undertaking, and would attach importance to improving the intellectual property system.

Song Jian maintained: Since the introduction of reform and opening up, China has scored universally acknowledged, remarkable achievements in protecting intellectual property rights, both in terms of legislation and law enforcement. Since last year in particular, China has made unprecedented progress in protecting intellectual property rights, including copyrights, thanks to the attention and leadership of the party Central Committee and State Council. We should be aware of the continued existence of weak links, however. According to the agreement reached during the recent Sino-U.S. talks on intellectual property rights, the central task of our side remains copyright protection. The functions and roles of copyright administrative departments are very important. The construction of copyright administrative organs urgently needs to be strengthened. He expressed the hope that copyright administration officials in all localities would continue their efforts to improve the copyright administrative system and the prestige of copyright administrative departments through strict law enforcement.

In his work report entitled "Seizing the Opportunity To Create A New Situation in Copyright Work," Shen Rengan, State Copyright Administration deputy

director, noted: Last year, the State Council issued a set of important directives, including the "Decision on Further Strengthening Intellectual Property Rights Protection." China's legislative, judicial, and administrative departments have promulgated a number of important copyright laws and regulations, including the "Decision on Punishment Regarding Copyright Infringements." Copyright organs and other relevant departments have made significant headway in cracking down on piracy and in investigating and handling various copyright infringements. A total of 2.2 million pirated compact disks and laser disks, and 1.58 million pirated books were impounded last year. Meanwhile, China's copyright protection efforts are faced with many new problems. An indispensable part of China's modernization and economic construction, these efforts have also become an important part of China's international relations in the political, economic, and trade spheres. People's awareness of copyrights has failed to keep pace with this development, however. Copyright problems regarding computer software and audio and video tapes have grown in both number and complexity. Copyright administrative departments at all levels badly need to be strengthened; law-enforcement efforts have yet to be intensified; and copyright service organs urgently need to be established and improved.

It is reported that the four-day conference held against this backdrop will focus on studying new circumstances and problems facing China's copyright efforts. It will also make specific arrangements for continuing to step up the fight against piracy, implementing copyright statutes, intensifying efforts to popularize the copyright law, establishing copyright service departments, strengthening guidance over copyright trade providing foreign-related copyright authentication services, selecting overseas copyright owners to set up offices in China, and increasing international copyright exchanges.

Ren Jianxin, CPC Central Committee Secretariat member and Supreme People's Court president, sent a congratulatory letter to the conference. Yu Youxian, State Copyright Administration director chaired today's conference. More than 120 people in charge of copyright bureaus nationwide attended the conference.

### **Cuban Team Leaves for Immigration Talks in U.S.**

OW1304045895 Beijing XINHUA in English 0418 GMT 13 Apr 95

[FBIS Transcribed Text] Havana, April 12 (XINHUA)—A Cuban delegation left for New York today for the third round of immigration talks with the United States.

According to official sources, the main topic at this round of talks, which will begin on April 17, is the verification of compliance with a bilateral agreement signed in 1994.

Direct contacts between the two countries on the issue of immigration began last September in New York and continued in October in Havana.



As on previous occasions, the mission is headed by Ricardo Alarcon, president of the National Assembly of the People's Power (parliament).

**'Roundup': U.S., Japan Auto Talks Deadlocked**  
OW1304010795 Beijing XINHUA in English 0009  
GMT 13 Apr 95

[ "Roundup" by Zhai Jingsheng: "U.S., Japanese Negotiators Try To Break Deadlock" ]

[FBIS Transcribed Text] Washington, April 12 (XINHUA)—U.S. and Japanese negotiators returned to the table this week in Washington in an effort to break the deadlock of talks over car and car parts trade between the two countries.

U.S. Commerce Secretary Ron Brown today said in an interview with NBC TV that, "We cannot claim that we have made any significant progress in the area of autos and auto parts." But the U.S. Government still hoped for a breakthrough in the talks this week and next in Washington, he added.

Talks at the expert level started on Wednesday [12 April] while a two-day vice-ministerial negotiations are scheduled for next week beginning Monday.

Brown said it is in Japan's interest to resolve the dispute over cars and parts, which the U.S. claims account for about two-thirds of the over 65 billion U.S. dollars of trade deficit with Japan last year. "We would hope that there would be significant progress in these negotiations," he added.

U.S. Trade Representative Mickey Kantor, who is a major negotiator on the U.S. side, has said that Washington would remain insistent that Japan open its car and car parts markets to outside world.

It was reported that foreign cars and car parts only account for about two to four percent at the Japanese domestic market, the lowest in the Group-7 industrialized nations.

The U.S. Government is seeking more access to Japanese car dealers for American manufacturers and want to open up Japan's firmly controlled replacement car parts market.

However, according to reports from Tokyo, Japanese negotiators seemed unlikely to soften their stiff stance in the coming talks with their U.S. counterparts.

"My understanding is that Japan will not change its position despite the yen's surge," an official from the Ministry of International Trade and Industry (MITI), who leads the Japanese delegation heading to Washington, said on Wednesday.

"Unless the U.S. changes its stance, there will be no agreement," another MITI official noted.

The Japanese officials said that U.S. negotiators have a more urgent reason than the Japanese for a quick settlement to the dispute. They would want a positive, visible outcome from the talks which would help the present administration to win Americans' support in the 1996 presidential election, the Japanese officials asserted.

While keeping the negotiations going on in the last two years, the Clinton administration has threatened to impose trade sanctions against Japan if no agreement is reached.

Although the Japanese negotiators discarded the saying that the slow progress in the talks was the main cause of the yen's latest appreciation, trade analysts say Tokyo is under pressure to resolve the dispute, which has been a sore spot in relations between the two world largest economic powers for years.

The negotiations have entered a critical stage. Although there is no deadline announced, both sides hinted to conclude the negotiations soon. But so far there is no reason for them to feel relaxed and optimistic for the current round of talks.

**Clinton Pledges To Settle Dispute With Pakistan**  
OW1204160695 Beijing XINHUA in English 1537  
GMT 12 Apr 95

[FBIS Transcribed Text] Washington, April 11 (XINHUA)—U.S. President Bill Clinton has pledged to work with Congress for an early settlement of a dispute with Pakistan over the stalled supplies of 1.4 billion U.S. dollars worth of military equipment.

Speaking at a joint press conference after his talks with visiting Pakistani Prime Minister Benazir Bhutto at the White House Tuesday [11 April], Clinton acknowledged that Pakistan had been treated unfairly in the weapons deal with the United States in the late 1980s.

"I don't think what happened was fair to Pakistan in terms of the money," Clinton said. He was referring to the fact that the United States has been refusing to either deliver the military equipment or return the money the South Asian nation had ordered and already paid for.

The U.S. President assured Bhutto that his administration would press U.S. Congress "to show some flexibility" in resolving the long-standing dispute.

Under a U.S. Law, the so-called Pressler Amendment enacted in 1988, the U.S. President can't order the delivery of the military equipment to Pakistan unless he could certify to Congress that the country has stopped its nuclear development programs.

Bhutto, who arrived here on April 5 for a 9-day official visit, has been calling on U.S. Congress to repeal the law aimed at preventing nuclear proliferation in southern Asia.

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She has also been pressing the Clinton administration to seek a quick solution to the equipment issue.

"If we can't get the equipment that contracted before sanctions, then we'd like our money back. I think that's only fair," the Pakistani Prime Minister said in an interview with ABC's "Good Morning America" program earlier Tuesday.

Clinton noted that the United States had "no intention of dumping Pakistan" although he could not simply deliver the military equipment to the country under the current law.

Bhutto told the news conference that she "was encouraged" by her discussions with Clinton this morning. The talks are believed to focus on ways of restoring the traditional relations between the United States and Pakistan.

Referring to U.S. concerns about Pakistan's nuclear development, Bhutto stressed that her nation had no nuclear weapons.

"We have enough knowledge and capability to make and assemble a nuclear weapon. But we have voluntarily chosen not to either assemble a nuclear weapon, to detonate a nuclear weapon, or to export technology," Bhutto said.

**Turkey, U.S. Hold 'High-Level' Talks in Ankara**  
OW1204163695 Beijing XINHUA in English 1532  
GMT 12 Apr 95

[FBIS Transcribed Text] Ankara, April 11 (XINHUA)—Turkey and the United States held high-level talks here today on Turkey's military operation in northern Iraq against bases of banned Kurdish Workers' Party (PKK), Turkish Foreign Ministry officials said.

They also discussed Turkish-Greek relations, the Cyprus issue and the future of European security, the officials said.

The U.S. delegation, headed by Deputy Secretary of State Strobe Talbott, arrived here Monday [10 April].

"We have a lot to talk about," Talbott told reporters before meeting with Turkish officials.

On Turkey's on-going military campaign in northern Iraq, Talbott emphasized that the United States understood Turkey's need to deal with the PKK, but reiterated Washington's request for a "limited" military operation.

Regarding Turkey's wish to bring an overall solution to the northern Iraq problem, Talbott said in the short-term, only Iraqi Kurds can prevent PKK from infiltrating into Turkey.

Thus, the United States and Turkey must renew efforts to bring to a halt the violence between Kurdish factions in northern Iraq, Talbott added.

He said his country had very close and important relations with Turkey, adding that "there was a lot that the two countries can do."

Talbott, accompanied by Deputy Undersecretary of Defense for Policy Jan. M. Lodal, Assistant Secretary of State for European and Canadian Affairs Richard Holbrooke and Assistant Secretary of Defense for International Security Affairs Joseph Nye, will also meet with Turkish Prime Minister Tansu Ciller during his stay in Ankara. They will leave here Wednesday.

**U.S., Turkey Seek Partnership**

OW1204231495 Beijing XINHUA in English 2001  
GMT 12 Apr 95

[FBIS Transcribed Text] Ankara, April 12 (XINHUA)—U.S. Deputy Secretary of State Strobe Talbott said today both the U.S. and Turkey are willing to develop an increasingly comprehensive partnership that will enhance regional stability, promote democracy and spur economic growth.

Speaking at a press conference after concluding his contacts in Ankara, Talbott said Washington is not seeking an independent Kurdish state in northern Iraq or anywhere else.

Talbott, however, added that the U.S. government wants to see the Kurds in whatever country treated with respect.

He said his talks in Ankara were "politically substantive" and "intellectually stimulating."

According to Turkish officials close to the U.S.-Turkish meeting, Turkey's operation in northern Iraq was discussed in depth, and the U.S. delegation stressed the need to end it soon.

The U.S. side also stressed the need to work with the local people in northern Iraq to address Turkey's concern.

The high-level U.S. delegation, which also comprises U.S. Deputy Undersecretary of Defense Jan. M. Lodal, Assistant Secretary of State Richard Holbrooke and Assistant Secretary of Defense Joseph Nye, arrived here Monday [10 April].

During their stay here, they held talks with Turkish high-level officials and were received by Turkish Prime Minister Tansu Ciller Tuesday night.

**'Roundup' Views Improving SRV, Russian Ties**  
OW1204163995 Beijing XINHUA in English 1526  
GMT 12 Apr 95

["Roundup" by Ling Dequan: "Vietnam, Russia Seek To Upgrade Ties"]

[FBIS Transcribed Text] Hanoi, April 12 (XINHUA)—Vietnam and Russia Tuesday [11 April] exchanged the



text of a treaty on the principles of friendly relations between them, signaling a "new turning point" in their bilateral ties.

The treaty, signed by Vietnamese Premier Vo Van Kiet and his Russian counterpart Viktor Chernomyrdin in Moscow last June and approved by both parliaments later last year, is aimed to restore their traditional friendship after the Vietnamese-Russian relations experienced a period of "nearly suspension" in the wake of the collapse of the Soviet Union.

Vietnam and Russia formed "strategic allies" in late 1978 when they signed a friendship and cooperation treaty.

But such strategic relations ceased to exist following the breakup of the Soviet Union, and Hanoi lost its traditional market and key source of foreign assistance. As a result, their bilateral ties plunged to a record low.

Vietnam moved to improve its frayed relations with Russia and other former Soviet republics last year when Vo Van Kiet made his first official trip to Russia, Kazakhstan and Ukraine to explore "new ways and possibilities" for cooperation in the future.

In Moscow, Vo Van Kiet and Russian Prime Minister Chernomyrdin signed the treaty on principles of friendly cooperation between Vietnam and Russia to replace the old one that had bound them into "strategic allies."

Russian President Boris Yeltsin spoke highly of the new treaty, hailing it as a document that has readjusted their overall state-to-state relations in accordance with the spirit of the new time.

He said the treaty served the interests of both countries and displayed a spirit of mutually-beneficial cooperation in the field of economy, trade and science and technology.

With the end of the Cold War, Vietnam changed its strategy of leaning toward the former Soviet Union and pursued a foreign policy of "making friends" with all countries in the world in an attempt to integrate itself into international community by expanding economic and trade cooperation with other countries.

Russia has increased its investment in Vietnam and their bilateral trade rose to 300 million U.S. dollars last year.

Moscow also successfully maintained its presence in the naval base in Cam Ranh Bay of Vietnam, even though the presence is symbolic now.

The base, located on the Vietnamese coast of the South China Sea, was built by the U.S. troops during the Vietnam war.

After the war was over, it was turned into "a material-technical support center" for the Soviet Pacific fleet.

Cam Ranh Bay is currently being used by the Russian Pacific fleet under an agreement signed between the former Soviet Union and Vietnam in 1981 which expires in 2003.

Official media here said both Russian and Vietnamese sides believe the new treaty has laid a new foundation for the Russian-Vietnamese relations, which "is of great significance."

The two parties vowed to earnestly implement the treaty and further develop their friendly cooperative relations in various fields, so as to serve the interests of the two countries and help promote peace, stability and development in this region and world at large.

## United States & Canada

### U.S. Tries To Extend Bosnian Cease-Fire

OW1304015995 Beijing XINHUA in English 0005  
GMT 13 Apr 95

[FBIS Transcribed Text] Washington, April 12 (XINHUA)—The United States is going to focus efforts on problems in Bosnia in an attempt to extend the cease-fire in the Balkans, a State Department spokesman said Wednesday [12 April].

Spokesman Nicholas Burns said that despite the increased fighting over the last couple of weeks in the region "it still makes sense for the United States and the Contact Group to try to work with the Bosnian Government and the Serbs and others involved to try to extend the cease-fire in order to prevent the outbreak of a larger war."

"We certainly have to extend the cease-fire and we certainly want to use our leverage and our influence to try to limit the fighting as much as possible," Burns said at a regular briefing.

The cease-fire currently in effect is due to expire at the end of this month.

The meeting between the Contact Group and Serbia's President Slobodan Milosevic Tuesday in Belgrade "gave no cause for optimism regarding early movement towards the mutual recognition among the former Yugoslav republics or really any optimism about a Bosnia cease-fire," Burns said.

A Contact Group proposal suggests that Milosevic recognize Bosnia and Croatia in exchange for an easing of economic sanctions against Serbia.

The Serbian president, who has considerable influence on Serbs in Bosnia, is expected to play a key role in ending the war.

Recognition of Bosnia and Croatia had been seen by representatives from the five countries in the Contact Group as a potential wedge between Serbia and Bosnian Serbs.

Burns said the group had to cancel its planned trip to Bosnia Wednesday because Bosnian Serbs said they could not ensure a safe landing of their plane in Sarajevo. The diplomats had planned to go there to confer with Bosnian Government leaders.

The group is meeting Wednesday with Croatian President Franjo Tudjman in Zagreb, and are returning to their capitals tomorrow, Burns said.

### **China Said Angry at U.S. Appeal for Wei's Release**

HK1304043495 Hong Kong AFP in English 0412 GMT 13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (AFP)—China reacted angrily Thursday [13 April] to a letter sent by 47 US legislators to Premier Li Peng, demanding the immediate and unconditional release of the country's most celebrated dissident, Wei Jingsheng.

"Some people in the US Congress always love to point their fingers at other countries' domestic affairs," a foreign ministry spokesman said. "This is really not a good habit," he added.

The US letter, sent earlier this week, called for Wei to be released "immediately and without conditions." Wei, 45, has been held incommunicado and without charge since he was picked up by police in April last year—six months after being released from a 15-year prison sentence for counter-revolutionary activities. The only official statement on Wei's situation is that he is being investigated for "suspected new criminal offences."

Nearly 60 members of Congress have nominated Wei for the 1995 Nobel Peace Prize.

### **Canada To Help China Train Accountants**

OW1204131795 Beijing XINHUA in English 1244 GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—The Certified General Accountants' Association of Canada (CGA) began a program to train Chinese accountants at Qinghua University in Beijing today.

A ceremony was held today in the university to mark the opening of the training course.

Being one of the top universities in China, Qinghua signed an agreement in 1994 with CGA to train students in international accounting.

Canadian teachers will be using CGA textbooks and students will take 18 courses required by CGA in four years before they take a certifying exam prepared by the association.

The series of courses familiarize students with the methods, systems, and trends in international accounting.

CGA is an organization with great influence in accounting education in Canada and other countries.

## **Northeast Asia**

### **Qiao Shi Continues Visit to Japan**

#### **Meets MITI Minister**

OW1204145395 Beijing XINHUA in English 1441 GMT 12 Apr 95

[FBIS Transcribed Text] Tokyo, April 12 (XINHUA)—Visiting top Chinese legislator Qiao Shi said today that Japanese enterprises should play a greater role in China's modernization drive by expanding economic and technological cooperation.

Qiao, Chairman of the Standing Committee of the National People's Congress, made the call at a meeting with Japanese Minister of International Trade and Industry Ryutaro Hashimoto as well as leaders of Mitsubishi Corporation and its five large enterprises.

Commenting on Mitsubishi's links with China, Qiao said that Mitsubishi has a good reputation in China and can play greater roles in China's economic construction.

Hashimoto said Japan is confident of China's sustained economic growth.

The two leaders also discussed environmental protection and other issues related to economic development.

#### **Urges Closer Ties With Diet**

OW1204152995 Beijing XINHUA in English 1515 GMT 12 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Top Chinese legislator Qiao Shi said today politicians in China and Japan are duty-bound to help bring a healthy and stable relationship of good-neighborliness between the two countries into the 21st century.

Qiao, chairman of the Chinese National People's Congress (NPC) Standing Committee, made the remarks here today at separate meetings with Takako Doi, speaker of the House of Representatives and Bunbei Hara, president of the House of Councillors, of the Japanese Diet.

During the meetings, both sides expressed the hope for strengthening exchanges and cooperation between the Japanese Diet and the Chinese NPC.

At the meetings, Qiao said China has adopted a "looking forward" attitude in developing relations with Japan despite a span of unfortunate historical experience between them. "Past experience, if not forgotten, will be guide for the future," Qiao said, quoting an old Chinese saying. Both the speaker and the president shared Qiao's view.

Qiao said, "It is our sincere wish that Japan could learn lessons from the said historical period and the post-war situation in which enormous progress has been gained on the road of peace and development."

The Chinese NPC would continue to play a positive role, together with the Japanese Diet, in effecting a long-term and stable Sino-Japanese relationship on the basis of the principles stipulated in the Sino-Japanese Joint Statement and the Treaty of Peace and Friendship and in the spirit of "facing the current reality, eyeing the future, mutual trust and sincere cooperation," Qiao stressed.

Speaker Doi assured Qiao that Japan would take a sincere attitude towards the past and the future as well.

She said Japan and China should be friendly to each other for generations to come and Japan should take the attitude of looking beyond to the 21st century in handling historical events.

The speaker said a good Japan-China relationship would contribute to world peace and development.

She also said enhanced exchanges and cooperation between the Japanese Diet and the Chinese NPC would help boost the mutual understanding and friendship between the peoples of the two countries.

Doi suggested that the Japanese Diet establish formal links with the Chinese NPC. On this suggestion, Qiao stressed the exchange of visits.

At the meetings, Qiao also briefed the hosts on China's legislation, the enforcement of laws and the supervision over the performance of the government and the judicial departments.

#### **Meets Foreign Minister**

OW1304061795 Beijing XINHUA in English 0547  
GMT 13 Apr 95

[FBIS Transcribed Text] Tokyo, April 13 (XINHUA)—Visiting Chinese top legislator Qiao Shi met with Japanese Foreign Minister Yohei Kono here today, and both reaffirmed the need to advance bilateral relations.

Kono described the present Sino-Japanese relationship as very good, adding that Japan would learn lessons from history to treasure the value of such a hard-won good relationship.

He said he hoped Prime Minister Tomiichi Murayama's upcoming visit to China would reinforce and develop bilateral relations.

Qiao, chairman of the National People's Congress Standing Committee, said China expects that Murayama's Beijing trip will promote bilateral relations, which he said have been developing ever since diplomatic relations between the two countries were normalized 23 years ago.

He added that the present good relations had not come easily, but had been paid for by the lives of thousands and thousands of people.

Qiao stressed that the past must not be forgotten, adding, "Only in this way will we be able to usher in the 21st century with a new kind of Sino-Japanese relationship."

#### **ROK's Samsung Group Chairman Visits**

##### **Meets President**

OW1204130595 Beijing XINHUA in English 1132  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese President Jiang Zemin met with Yi Kun-hi, Chairman of the Samsung Group of the Republic of Korea, and his party here this afternoon.

They had a friendly and cordial conversation.

Jiang said China hopes the Samsung Group, on the basis of equality and mutual benefit, continue to expand long-term cooperation with China in the fields of economy, trade, high and new technology, and basic industries.

This is the third visit to China by Yi Kun-hi.

Lee said that he saw new great changes in China during each of the visits and that his group is willing to further enhance its cooperation with relevant Chinese departments.

Present at today's meeting was Wang Zhaoguo, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference.

The Samsung visitors arrived here on Monday as guests of Jing Shuping, President of the All-China Federation of Industry and Commerce.

Samsung group is now involved in eight investment projects in China. Its import and export volume with China reached one billion US dollars last year.

##### **Meets Premier**

OW1204135495 Beijing XINHUA in English 1341  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Premier Li Peng met here today with Yi Kun-hi, Chairman of the Samsung Group of the Republic of Korea (ROK).

Li said that Sino-ROK relations are developing smoothly and the economic and trade ties between the two countries are expanding.

The premier expressed the hope that Samsung would make new contribution to the economic and technological cooperation between China and the ROK.



Yi once accompanied the Chinese premier visiting a factory of the Samsung Group during Li's visit to the ROK last year.

Yi, visiting China for the third time, said he witnessed new changes each time he comes to China.

Comparing with Japan and other Asian countries, Yi said, the economic and trade relations between the ROK and China has a shorter history, but Samsung is willing to make effort to speed up the development of such ties.

Wang Zhaoguo, Vice-Chairman of the Chinese People's Political Consultative Conference National Committee, was present at the meeting.

### **Southeast Asia & Pacific**

#### **China, Vietnam Trade Fair Closes in Hainan**

OW1304031995 Beijing XINHUA in English 0306  
GMT 13 Apr 95

[FBIS Transcribed Text] Haikou, April 13 (XINHUA)—A three-day trade fair aimed at promoting trade exchanges between China and Vietnam has wound up in this capital of south China's Hainan Province.

Because the two countries are mutually complimentary in natural conditions and commodity structures, there is great potential for further economic and trade exchanges between them, according to participants.

A total of 112 large and medium-sized enterprises from 23 provinces and cities in China attended the fair. More than 40 contracts were signed for imports and exports, valued at 200 million yuan.

The exports from Vietnam are mainly agricultural and energy products, including 9,000 tons of rubber, 18,000 tons of rice, 120,000 tons of coal, and zinc-coated steel and zinc-coated plates.

Vietnam's imports from China are mainly mechanical products, including 500,000 locks and 500 pumps made in Tianjin, 80 sedan cars made by No. 1 Auto Plant in northeast China, 200 diesel engines made in the Guangxi Zhuang Autonomous Region, and 20 million yuan-worth of copper wire, mineral water and bicycle mass-production lines made in Yunnan.

They agreed on a dozen projects of investment in Vietnam, including a two-million-yuan fish feed factory, a 1.5-million-yuan food-processing factory and a five-million-yuan brewery.

Vietnam extended invitations to more than 20 Chinese enterprises at the fair.

This was the first time for Hainan to invite an official trade delegation from Vietnam. During the talks, the two sides also discussed personnel exchanges, preferential policies related to exports and navigational issues.

### **Near East & South Asia**

#### **Premier Meets Israeli Finance Minister**

OW1204141195 Beijing XINHUA in English 1352  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Premier Li Peng said here today that the Chinese government is ready to further develop friendly relations and co-operation with Israel, based on mutual respect, equality, and mutual benefits.

During a meeting with visiting Israeli Finance Minister Avraham Shohat, Li said that co-operation between China and Israel has gone well though it hasn't been long since the two countries established diplomatic ties.

Israel's president, prime minister, and foreign minister have all paid visits to China, Li said, adding that economic and trade ties between the two countries have also been strengthened.

Referring to Middle East affairs, Li said that China attaches importance to Israel's role in them. Some progress in the Middle East peace process has been made, which China welcomes and supports. China hopes that countries in the Middle East region will continue to make efforts for all-round progress in peace, he said.

Shohat briefed Li on the developments in the Middle East situation, and said that the Israeli government takes a positive attitude toward developing relations with China and looks forward to new progress in bilateral cooperation.

#### **CPC Delegation Meets Indian Communist Secretary**

OW1204141595 Beijing XINHUA Domestic Service in Chinese 1249 GMT 8 Apr 95

[By reporter Li Jiasheng (2621 1367 5116)]

[FBIS Translated Text] Chandigarh (India), 8 Apr (XINHUA)—On 8 April, the six-day 15th National Congress of the Communist Party of India (Marxist) [CPI(M)] closed. Present at the closing ceremony were more than 700 delegates from across India, as well as delegations of communist parties from 19 countries including China.

The 15th CPI(M) National Congress discussed and adopted a political resolution on the domestic and international situation and party tasks, a resolution on organizational work, and a resolution on revising the party Constitution. They also elected a new Central Committee. CPI(M) General Secretary Surjeet was re-elected general secretary.

The political resolution adopted by the congress reiterates its adherence to Marxist theories and emphasizes efforts to step up work among the masses, strengthen the party, unite with other leftist forces in India, and work hard together to attain its objectives.

During the congress period, Surjeet cordially met with the CPC delegation headed by Liu Fangren, alternate member of the CPC Central Committee and secretary of the Guizhou Provincial CPC Committee. He discussed his recent visit to China and his views on how to further strengthen the friendly and cooperative relations between the two parties. Liu Fangren congratulated him on his reelection as CPI/M general secretary.

#### **Pakistan Air Force Chief To Visit China**

OW1304032995 Beijing XINHUA in English 0254  
GMT 13 Apr 95

[FBIS Transcribed Text] Islamabad, April 13 (XINHUA)—Pakistani Chief of the Air Staff Air Chief Marshal Muhammad Abbas Khattak [name as received] will pay a week-long official visit to China from April 22, local press reported here today.

Abbas Khattak will hold wide ranging talks with his Chinese counterpart as well as other senior Chinese officials, said the report.

The discussions will focus on furthering the cooperation between the air forces of the two countries.

Pakistan received six Karakorum-8 (K-8) jet trainer aircraft from China on January 25 this year to replace T-37 trainer fleet of Pakistani Air Force.

### **West Europe**

#### **Austrian Minister Hopes for Economic Projects**

AU1204135195 Vienna DIE PRESSE in German  
12 Apr 95 p 21

[APA report: "Austria Hopes for Major Projects in China"]

[FBIS Translated Text] Beijing (APA)—Within the next three years, Austrian companies might implement projects valued at 10 billion schillings in China, Economics Minister Schuessel said during a visit to China. However, he pointed out that Austrian exporters have to abandon soft loans as a financing instrument because it is impossible for the state to finance more than one-third of the exports in this way. Commercially oriented financing has already been successfully implemented for Austrian projects in China.

Regarding the most important project, the engine factory, for which Steyr Nutzfahrzeuge AG (SNF) is striving, Schuessel was able to report an intermediate success. In the engine factory project, which is hotly contested internationally, SNF is prepared to take over 50 percent of the joint venture and the local engine production in Hangzhou and to guarantee the components, he said.

The planned water power plant project, where the Federal Power Company, together with Donaukraft, is to

contribute the power technology and Elin is to deliver the engines, is also interesting, he said.

The Voest-Alpine Industrieanlagenbau (VAI) of the VA Technologie AG, whose shares are quoted on the stock exchange, reported on the successful procurement of a Benxi steel project. It is a continuous casting plant, for which the last permit procedures have been concluded. Another project is the reorganization of the very outdated Anshan steel plant in Liaoning Province. This project would run for years and have a volume of several billion schillings. Here VAI is in very tough competition with several offerers. The Austrian Industry Agency subsidiary Vamed is to build a private heart hospital with a volume of 350 to 400 million schillings in Beijing. Veitsch-Radex Magnesit also signed a joint venture agreement in Liaoning Province.

#### **Vice-Premier Meets With German Bankers**

OW1204113995 Beijing XINHUA in English 1104  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Vice-Premier Li Lanqing met with Juergen Sarrazin, chairman of the Board of Germany's Dresdner Bank, and his party here this afternoon.

Li said that the cooperation between Dresdner Bank and Bank of China, which began in the 1950s, has been fine and fruitful and the potential of two banks' business collaboration could be further tapped.

Sarrazin, who is here on a visit as guest of the Bank of China, noted that his bank has been closely following the development of China since 1950s and hopes to expand its business in the country.

Dresdner Bank, one of the three major banks in Germany, has now established branches in Shanghai and Shenzhen and a representative office in Beijing.

#### **Qian Makes Official Visit to Iceland**

##### **Meets Foreign Minister**

OW1204233295 Beijing XINHUA in English 2303  
GMT 12 Apr 95

[FBIS Transcribed Text] Reykjavik, April 12 (XINHUA)—Chinese Vice Premier and Foreign Minister Qian Qichen arrived here this afternoon for a four-day visit to Iceland at the invitation of his Icelandic counterpart Jon Baldvin Hannibalsson.

In a written statement distributed at the airport upon his arrival, Qian said China and Iceland, though far apart from each other geographically, have steadily increased their exchanges and cooperation in the political, economic, scientific, technological and other fields.

"China is ready to develop long-term and stable friendly relations with Iceland," Qian declared.



He said that the purpose of his visit is to further enhance the understanding between the two peoples and to continue to push forward the friendly relations and cooperation between the two countries.

"I look forward to extensive exchanges of views with leaders of Iceland in the coming days on bilateral ties as well as international issues of common interest," he said.

Qian is the highest ranking Chinese official ever to visit Iceland since the establishment of diplomatic relations between the two countries in 1971.

His visit follows the visits to China by Icelandic Foreign Minister Jon Baldvin Hannibalsson and Prime Minister David Oddson last year and by Speaker of Althing Salome Thorkelsdottir earlier this year.

Iceland is the last stop of Qian's six-nation European tour beginning from March 29. Before he came here, he already visited Latvia, Moldova, the Republic of Slovakia, Bulgaria and Yugoslavia.

#### Meets President

OW1204234895 Beijing XINHUA in English 2316  
GMT 12 Apr 95

[FBIS Transcribed Text] Reykjavik, April 12 (XINHUA)—Icelandic President Vigdis Finnbogadottir met with visiting Chinese Vice Premier and Foreign Minister Qian Qichen at her official residence this afternoon and held friendly talks with him.

During the half-an-hour talks, Qian conveyed to the President warm greetings from President Jiang Zemin and said that Jiang has been looking forward to meeting her when she visits China this August.

The President expressed thanks for Jiang's invitation and said that she has been dreaming to visit China for many years.

The coming visit will be a major event in her lifetime and she hopes to get deeper understanding about China through this visit, she said.

Qian Qichen said that the Sino-Icelandic relations have been good ever since the establishment of diplomatic relations between the two countries in 1971 and had a new development last year in particular following visits to China by high-ranking Icelandic officials.

He was sure that the President's forthcoming visit to China will further enhance the friendly relations and cooperation between the two countries, Qian said.

President Finnbogadottir said Iceland attaches great importance to its relations with China and that is why Iceland has set up an embassy in Beijing, the only Icelandic embassy in Asia.

She expressed admiration for the great success China has achieved in developing its economy during recent years.

Qian Qichen arrived here this afternoon for a four-day visit on his last stop of his six-nation European tour.

#### More on Soares Beijing Visit

##### Bilateral Ties Discussed

OW1204141495 Beijing XINHUA in English 1354  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Chinese Premier Li Peng, in a meeting with Portuguese President Mario Soares here today, said that the Chinese government attaches importance to developing friendly relations and cooperation with Portugal.

In recent years, Sino-Portuguese relations have been developing well and the exchange of high-level visits have been increasing, Li said, adding that the visits effectively promoted the development of bilateral ties.

The premier expressed the belief that the current visit of President Soares would open a new chapter in the history of bilateral ties.

Li expressed satisfaction over the development of bilateral economic and trade relations which he described as having immense potential and broad prospects.

China is willing to join Portugal in pushing bilateral cooperation up to a new level.

Soares said that he found great changes have taken place in China since his last trip to this country 15 years ago. The president extended his congratulations on the achievements China has made in developing the economy.

The president told Li that his talks with Chinese President Jiang Zemin was "very successful." He said that the "atmosphere of mutual trust between Portugal and China" will be further embodied in the two countries' future cooperation in various fields.

On the Macao issue, Li said since China and Portugal signed the joint declaration concerning the issue eight years ago, the two countries have conducted effective cooperation in implementing the declaration.

Because both countries cherish the sincerity for cooperation, the two sides will properly resolve the problems during the late transitional period of Macao through friendly negotiations, Li said.

Soares also held that Portugal and China have good cooperation on the Macao issue and such cooperation will continue in the late transitional period.

The Chinese leader last met Soares during his trip to Portugal in 1992.

After the meeting, the Chinese premier and his wife hosted a dinner in honor of the president, his wife and party.

13 April 1995

**Leaves Beijing for Xian**

OW1304111595 Beijing XINHUA in English 0946  
GMT 13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (XINHUA)—Portuguese President Mario Soares and his wife and their party left here for Xian in northwest China by special plane this afternoon in the company of Chen Bangzhu, minister of internal trade.

This morning, the guests toured the great wall.

**East Europe****Qian Qichen Concludes Visit to FRY**

OW1204142195 Beijing XINHUA in English 1356  
GMT 12 Apr 95

[FBIS Transcribed Text] Belgrade, April 12 (XINHUA)—Chinese Foreign Minister and Vice-premier

Qian Qichen today wound up his three-day visit to Yugoslavia and left for Iceland for the last stop of his six-European-nation tour.

During his stay, Qian met with President Zoran Lilic, Prime Minister Radoje Kontic, and chairman of Chamber of Citizens of Yugoslavian Assembly Radoman Bozovic, Serbian President Slobodan Milosevic and President of Montenegro Momir Bulatovic.

Yugoslav officials described Qian's visit as "very fruitful and satisfactory".

The Chinese Minister's visit helped promote the friendly relations and cooperation between the two countries and deepen mutual understanding and friendship between the two peoples, the source said.

Qian's visit, highly publicized in Yugoslavian media, came only days after China became the 92nd country to recognize Bosnia-Herzegovina.

## Political & Social

### Li Peng on Central Leadership Transfer

OW1204142895 Beijing XINHUA Domestic Service in Chinese 1156 GMT 12 Apr 95

[By reporter Zhang Yijun (1728 4135 0193)]

[FBIS Translated Text] Beijing, 12 Apr (XINHUA)—On 12 April, during a meeting with Chinese and foreign representatives to the 1995 conference of the China International Economic Forum at the Great Hall of the People, State Council Premier Li Peng said the transfer from the second-generation central leading collective, with Comrade Deng Xiaoping at the core, to the third-generation central leading collective, with Comrade Jiang Zemin at the core, has been completed smoothly [yi deng xiao ping tong zhi wei he xin de di er dai zhong yang ling dao ji ti xiang yi jiang ze min tong zhi wei he xin de di san dai zhong yang ling dao ji ti de guo du yi shun li wan cheng 0110 6772 1420 1627 0681 1807 3638 2702 1800 4104 4577 0059 0108 0022 1135 7325 1418 7162 7555 0686 0110 3068 3419 3046 0681 1807 3638 2702 1800 4104 4577 0003 0108 0022 1135 7325 1418 7162 7555 4104 6665 3256 1571 7311 0448 1346 2052]; and that the new generation of the central leading collective is capable of and confident in leading the people across the country in pushing forward China's various undertakings.

Li Peng said: China's economic development needs a peaceful international environment and a stable domestic situation. Without these two conditions, China's economy could not be able to maintain a sustained, rapid, and healthy development.

He said: "Public opinions overseas are following the development trends and political situation in China. I can tell you with responsibility that China enjoys political stability."

The premier said: Deng Xiaoping's theory of building socialism with Chinese characteristics and the principles of reform and opening up to the outside world have taken root in China and received the people's wholehearted support throughout the country; and will certainly continue to be implemented.

The 1995 conference of the China International Economic Forum, which ended yesterday, was cosponsored by the State Economic Restructuring Commission and the INTERNATIONAL HERALD TRIBUNE. Some 30 foreign participants in the conference, including former British Prime Minister Heath, former Canadian Prime Minister Malrony, and Hartarto, Indonesian coordinating minister of industrial and trade affairs, attended the meeting today.

During the meeting, Li Peng first congratulated the success of the conference, and then heard briefings on the conference by McClean, INTERNATIONAL HERALD TRIBUNE publisher and chief executive,

Swiss ABB Group President Bo-li-wei [name as received], U.S. Boeing Corporation President Woodard, and Du Huilian, Hong Kong Baifuqin Investment Group Limited Company president.

After listening to the briefings, Li Peng spoke on issues of concern among the conference participants. He said: China is still a developing country. Although the Chinese economy has taken a big stride during the 16 years since reform and opening up to the outside world, and the output of some products leads the world in some important fields, its per-capita share of these products is still very low, and the people's living standard is not high. Moreover, economic development in different areas is very unbalanced, and the economy of some areas is still fairly backwards, with 80 million people in the country still living below the poverty level and having problems meeting the needs of daily life. Only by obtaining a comprehensive, objective understanding of these basic conditions in China can foreign observers draw a correct conclusion.

Speaking on whether China's economy will continue to develop, Li Peng said: In view of China's own internal demand and the promotion of international economic cooperation, China has the conditions to maintain a faster rate of development and is hopeful of maintaining a growth rate of 8-9 percent through the end of this century.

However, he added: China still needs to make tremendous efforts to become a moderately developed country by the middle of the next century.

Speaking on current economic work, Li Peng said: China is taking positive measures to gradually lower the fairly high commodity price index. Moreover, China has made the reform of state-owned enterprises one of its present work emphases and is working for revitalizing enterprises and improving their efficiency through a series of measures.

He said: China is further consolidating the role of agriculture as the national economy's foundation and developing agriculture by relying on science and technology—mainly to increase the yield per unit area and to effectively improve low-yield farmland, which accounts for half of the total cultivated land. Even if the population grows in the next century, China can still maintain self-sufficiency in food through its own efforts.

Li Peng said: It is undoubtedly a significant contribution to the world that 1 billion or more Chinese can solve their food problem all on their own.

During the hour-long meeting, Li Peng spoke positively of the fruitful cooperation between persons from foreign business circles attending the forum and their Chinese counterparts, and said that China welcomes and encourages more foreign businesses to conduct economic cooperation with China in all fields, including infrastructure construction.

**Leaders' Visits to Chen Yun in Hospital Detailed***OW1304040295 Beijing XINHUA Domestic Service in Chinese 1028 GMT 12 Apr 95*

[FBIS Translated Text] Beijing, 12 Apr (XINHUA)—When Comrade Chen Yun was hospitalized and seriously ill, party and state leaders Comrades Jiang Zemin, Li Peng, Qiao Shi, Li Ruihuan, Zhu Rongji, Liu Huaqing, Hu Jintao, and Rong Yiren visited him at the hospital.

Comrade Deng Xiaoping entrusted his secretary to visit him at the hospital. Comrades Peng Zhen, Yang Shangkun, Wan Li, Song Ping, Bo Yibo, and Song Renqiong called on him at the hospital.

Also visiting him at the hospital or making special telephone calls to send their regards were Comrades Ding Guangen, Tian Jiyun, Li Lanqing, Li Tieying, Yang Baibing, Wu Bangguo, Zou Jiahua, Chen Xitong, Jiang Chunyun, Qian Qichen, Huang Ju, Wei Jianxing, Xie Fei, Wen Jiabao, Wang Hanbin, Zhang Zhen, Ren Jianxin, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, Qin Jiwei, Li Ximing, Wang Bingqian, Pagbalha Geleg Namgyai, Wang Guangying, Cheng Siyuan, Lu Jiayi, Buhe, Tomur Dawamat, Li Peiyao, Wu Jiaping, Chi Haotian, Song Jian, Li Guixian, Chen Junsheng, Ismail Amat, Peng Peiyun, Luo Gan, Zhang Siqing, Ye Xuanping, Wu Xueqian, Yang Rudai, Wang Zhaoguo, Ngapoi Ngawang Jigme, Seypidin Aze, Hong Xuezhi, Yang Jingren, Deng Zhaoxiang, Zhao Puchu, Ba Jin, Liu Jingji, Qian Xuesen, Qian Weichang, Hu Sen, Qian Zhengying, Su Buqing, Ding Guangxun, Dong Yinchu, Su Fuling, Ann Tse-kai [An Zijie], Henry Fok Ying-tung [Huo Yingdong], Ma Man-kei [Ma Wanqi], Zhu Guangya, and Wan Guoquan.

Others who visited him at the hospital or sent their regards through various means were Comrades Wang Ping, Wang Shoudao, Wu Xiuquan, Liu Lantao, Jiang Hua, Li Desheng, Xiao Ke, Yu Qiuli, Zhang Jingfu, Zhang Aiping, Lu Dingyi, Chen Pixian, Chen Xilian, Duan Junyi, Geng Biao, Ji Pengfei, Huang Hua, Kang Shien, Huang Huoqing, Xi Zhongxun, Peng Chong, Zhu Xuefan, Zhou Guoheng, Yan Jici, Ye Fei, Liao Hansheng, Wang Fang, Fang Yi, Gu Mu, Ma Wenrui, Wang Enmao, Yang Chengwu, Lu Zhengcao, Wang Feng, Zheng Tianxiang, Yang Yichen, Liu Fuzhi, Deng Liqun, Wang Heshou, and Han Guang.

**Treatment of Chen Yun's Death, Funeral Discussed****'Memorial Meeting' 17 April***HK1304023295 Hong Kong LIEN HO PAO in Chinese 13 Apr 95 p 10*

["Special dispatch" from Beijing by LIEN HO BAO Mainland News Center: "Chen Yun's Memorial Meeting To Be Held 17 April"]

[FBIS Translated Text] The CPC Central Committee has decided to hold a memorial meeting and farewell ceremony for late CPC elder Chen Yun on 17 April. Subsequent to the ceremony, the body will be cremated and placed in the Babaoshan mausoleum.

The standard for Chen Yun's funeral arranged by the CPC Central Committee is low, and so far, no funeral committee list has been announced. Chen Yun will lie in state at the mourning hall in his house, and there will be no public mourning activities.

Neither will the 17 April memorial meeting be a public one. The participants will be admitted to the memorial meeting and farewell ceremony only by producing certain documents issued by a pertinent department.

Chen Yun's body will be cremated after the farewell ceremony and subsequently enshrined in the Babaoshan mausoleum.

**No Funeral Committee To Be Named***HK1304042395 Hong Kong MING PAO in Chinese 13 Apr 95 p B1*

[Report by Special Correspondent Fang Yuen (2455 0337): "No Memorial Meeting for Late Chen Yun, Only Ceremony for Paying Last Respects"]

[FBIS Translated Text] According to Beijing-based authoritative sources, the PRC hierarchy has decided that there should be no funeral committee or memorial meeting for late Chen Yun, a veteran heavyweight. Nevertheless, Beijing will hold a ceremony to pay last respects to late Chen Yun in accordance with the state funeral reform decision made by the central authorities in 1990. The decision stipulates that there should be no funeral committee or memorial meeting for late state leaders, except a ceremony for paying last respects.

Some other sources have revealed that the official XINHUA NEWS AGENCY has been ordered to limit the number of memorial photos of late Chen Yun to no more than that released for former State President Li Xiannian. Moreover, the officially revised *Selected Works of Chen Yun* will shortly be published in three rather than two volumes. The newly revised edition will contain a dozen more articles written by Chen Yun, comprising tens of thousands of characters. Some of Chen Yun's articles are to be published for the first time. The authorities are expected to hold a solemn ceremony to mark their publication.

It has been learned that, since the masses stormed the venue of the late CPC General Secretary Hu Yaobang's memorial meeting and took to the streets in 1989, the CPC hierarchy made an internal decision in 1990 on party and state leaders' funeral reform, stating: In the future, there should be no funeral committee or memorial meeting for late leaders, be they retired or in office, except a ceremony for paying last respects to the



deceased. As a result, there have been no funeral committees or memorial meetings for several veterans who died in recent years, including Deng Yingchao, Li Xiannian, Yao Yilin, and even late Vice State President Wang Zhen. However, flags did fly at half-mast at Tiananmen, Xinhuaamen, the Foreign Ministry, and other places on the day those leaders' remains were cremated.

Chen Yun's funeral will be handled in accordance with the above mentioned regulation as well. As a rule, the official XINHUA NEWS AGENCY will release historical photos of the deceased leader on the day his or her remains are cremated. The authorities have set strict rules for releasing such photos. The number of photos released is usually determined by the position or rank of deceased leaders. For example, 24 photos were released for former State President Li Xiannian, who died in 1992; 17 photos for Deng Yingchao, former Chinese People's Political Consultative Conference National Committee chairwoman; and only eight photos for Yao Yilin, former CPC Central Committee Political Bureau Standing Committee member and former vice premier, who died last year. It was initially agreed that a total of 22 photos of the late Chen Yun will be released, a number larger than that of the late Deng Yingchao and Yao Yilin, but smaller than that of the late Li Xiannian. It has been learned that the decision on limiting the number of photos of late Chen Yun to no more than 24—the number of photos released for late Li Xiannian—was made by taking into consideration the fact that late Li Xiannian once served as state president and his ranking within the party was higher than that of the late Chen Yun.

#### CYL Paper Diverts From Plan

HK1304042495 Hong Kong LIEN HO PAO in Chinese  
13 Apr 95 p 10

["Special dispatch" from Beijing by LIEN HO PAO Mainland News Center: "Beijing Public Security Police Beef Up Street Patrols in the Wake of Chen Yun's Death, No Major Newspapers Carry Memorial Articles"]

[FBIS Translated Text] Yesterday was the third day after CPC elder Chen Yun passed away, and there was a strange quietness in the streets of Beijing; the public security police have beefed up their street patrols, and the CPC Central Committee has not ordered Beijing Municipality to fly flags at half-mast to pay respect to Chen Yun. Most importantly, the major party organs on the mainland have not yet carried articles mourning Chen Yun.

BEIJING QINGNIAN BAO, run by the Beijing Municipal Committee of the Communist Youth League [CYL], behaved differently. It expressed its condolences to Chen Yun by carrying many pictures of Chen Yun; furthermore, BEIJING QINGNIAN BAO was the only newspaper to call Chen Yun an "outstanding leader of the party and the country," and a "great person."

Yesterday, the major official media, such as RENMIN RIBAO, GONGREN RIBAO, GUANGMING RIBAO, JINGJI RIBAO, NONGMIN RIBAO, ZHONGGUO QINGNIAN BAO, BEIJING RIBAO, KEJI RIBAO, and JINGJI CANKAO BAO, all followed the same formula for handling the news of Chen Yun's death: They carried a picture of Chen Yun on the front page, with the following headline: "The CPC Central Committee, the National People's Congress Standing Committee, the State Council, the National Committee of the Chinese People's Political Consultative Conference [CPPCC], and the Central Military Commission Sorrowfully Announce That Comrade Chen Yun Has Died in Beijing." This announcement was followed by the full text of the obituary. Other than this, there was not a single article mourning Chen Yun.

Compared with other newspapers, the way BEIJING QINGNIAN BAO mourned Chen Yun was very prominent. On the front page, the newspaper carried a picture of Chen Yun that was taken in June 1960, showing Chen Yun talking to cadres in the rural area; and using the headline "Comrade Chen Yun Has Died in Beijing." Page five was a special page devoted to Chen Yun's death, and it primarily carried pictures of Chen Yun to emphasize Chen Yun's position in the party. In the center of the page was a large picture of Chen Yun which was identical to those carried by other newspapers, and this picture was surrounded by other pictures of Chen Yun which have commemorative significance. These pictures include: The one taken on 13 December 1937, with Liu Shaoqi and Zhou Enlai, when attending the meeting of the CPC Central Committee Political Bureau in Yanan; the one taken in 1942, with Mao Zedong, showing their visit to the industrial and agricultural production exhibition in the Shaanxi-Gansu-Ningxia border region; the one taken in June 1950, when Chen Yun was the head of the Financial and Economic Commission and making a financial and economic report to a CPPCC session; the one taken in 1955, when Chen Yun, Deng Xiaoping, and Peng Dehuai watched the military parade on communist China's national day; the one taken in early 1962, when Chen Yun attended the enlarged meeting of the CPC Central Committee, together with Mao Zedong, Liu Shaoqi, Zhou Enlai, and Deng Xiaoping; and the one taken in July 1977, together with Deng Xiaoping, at the Third Plenary Session of the 10th CPC Central Committee. The caption of this last picture said that Deng Xiaoping was reinstated to his leadership post at the session. The final picture was a picture of Chen Yun by himself, taken in 1978.

BEIJING QINGNIAN BAO used the smallest characters—the No. 5 small characters—to carry an abstract of the obituary issued by XINHUA, with the headline "A brief introduction to the life of Comrade Chen Yun." Page five carried four big characters, "Grieve for Chen Yun [dao nian chen yun 1902 1819 7115 0061]," below which there was a message which read: "This newspaper yesterday was distressed to learn of the passing away of Comrade Chen Yun, the outstanding leader of the party



and the country. At 1932 yesterday, this newspaper decided to abandon the originally decided plan and gather all its manpower to collect the historic pictures of Comrade Chen Yun that were available to us, as quickly as possible, and to lay out the pages you see before you, so as to express the condolences from the newspaper's entire staff to this great person."

In the afternoon of the previous day, Beijing's mass media were told that XINHUA would soon issue the news of Chen Yun's death.

#### **WEN WEI PO Director Questioned**

*HK1304061395 Hong Kong MING PAO in Chinese  
12 Apr 95 p B3*

[By staff reporter: "WEN WEI PO Director Feels Embarrassed When Asked Why the Paper Did Not Carry News of Chen Yun's Death"]

[FBIS Translated Text] TA KUNG PAO gave Chen Yun's death wide coverage yesterday by printing an extra front page, but another pro-China newspaper, WEN WEI PO, did not breathe a word about it. When meeting WEN WEI PO Director Chang Yun-feng, who is also a member of the Chinese People's Political Consultative Conference [CPPCC], at a party yesterday morning, Hsu Szu-min, member of the CPPCC Standing Committee, questioned him about this, but Chang replied with only a smile.

It happened that Hsu also was troubled by this. Yesterday morning, when a television station asked him to comment on Chen's death, he refused to make a comment because he had not received official confirmation. Later, he agreed to speak after learning the news via many individual channels.

#### **Qiao Shi on Role of NPC, Tiananmen**

*OW1204125695 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Apr 95 Morning Edition p 5*

[By correspondent Moriyasu Okazaki]

[FBIS Translated Text] Beijing, 8 Apr— On 8 April, during an interview with a group of Japanese reporters posted in Beijing, Qiao Shi, Standing Committee chairman of the National People's Congress [NPC], said the NPC, the importance of which is growing, was doing "front-line work," and expressed his eagerness to further strengthen the NPC's functions in enacting laws and overseeing government. During the interview, Qiao Shi indicated that even if the NPC rejects bills introduced by the government, the Chinese leadership will have to accept the rejection. While ruling out the possibility of reassessing the 1989 Tiananmen incident, he stressed that "actions taken at the time to suppress demonstrators by force were inevitable."

During the interview, Qiao Shi pointed out that "it is normal" for deputies to vote against and abstain from

voting during the NPC and local people's congresses. He went on to say if a vote is legally taken in accordance with the Constitution's rules to reject any government-introduced bills, the rejection must be honored. During the March NPC session, more than one-third of the deputies voted against appointing a deputy premier and adopting a law on establishing a central bank, and it seems there was more to Qiao Shi's remark than a simple principle.

Discussing roles to be played by the NPC, the Chinese leader emphatically said: "Some are claiming that the NPC consists of 'retirees,' but their claim is not based on China's actual situation." Until now, the NPC has been viewed as a forum for the "second life" of retirees, and his remarks are interpreted as an indication that he will strengthen the NPC's functions through the incessant rejuvenation of deputies. Noting that the Constitution stipulates that the Communist Party shall carry out its activities within its scope, Chairman Qiao Shi emphasized that the "Communist Party will perform its duties in accordance with the Constitution's rules."

Touching on the Tiananmen incident in which demonstrators were crushed by force, he pointed out: "We did not want political turmoil reigning in China from the spring to summer of 1989," and added that China has since stabilized economically, politically, and socially. He also noted that "inevitable actions taken at the time by the government and party were correct and yielded good results." During the interview, he indicated that the 14th CPC National Congress, held in October 1992, drew the conclusion that the use of force during the Tiananmen incident was warranted.

#### **Li Lanqing New Chair of State Council Committee**

*OW1204143195 Beijing XINHUA in English 1415 GMT 12 Apr 95*

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)— Chinese Vice-Premier Li Lanqing called for applying the spirit of "China Education Reform and Development Program" to improving the quality of the country's academic degree work.

Li, who is in charge of educational affairs, made these remarks in a speech delivered at the 13th meeting of the Academic Degrees Committee of the State Council (ADCSC), which was held from April 10 to 11.

The meeting was the first gathering following appointment of new members to the academic committee by the State Council recently, with Li Lanqing as the new chairman.

According to those at the meeting, China has made progress toward academic degree reforms and development during the past several years, but still faces some problems, such as the irregular structure of degree-granting institutions in certain branches of learning.

Participants at the meeting said that close attention should be paid to these problems and that a careful study should be conducted to solve them.

It was decided to increase the number of doctor degree-granting institutions to accord with country's economic development demands this year, and make an adjustment in some institutions giving academic degrees above the level of bachelor.

It was also stated that China will reform the practice of tutors for doctoral candidates, since the ADCSC will no longer approve tutors for these students, but institutions must decide for themselves according to regulations of the ADCSC and the State Education Commission.

#### Youth Paper Says Police To Patrol Beijing

OW1304064895 Beijing XINHUA in English 0632  
GMT 13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (XINHUA)—Beijing will put police patrols on the beat in all of its urban districts from May 1 in a bid to maintain better social order in the national capital, according to today's CHINA YOUTH DAILY."

The municipal government published this decision while drafting a regulation concerning the city's police patrol system.

The policemen patrolling the regular beats will perform such duties as maintaining social order and the smooth flow of traffic, aiding accident victims or persons who need help, and stopping disputes, according to the regulation.

They will also be authorized to check residents' ID cards, question suspected wrongdoers, arrest criminals and to commandeer vehicles and telecommunications facilities when emergencies occur.

The patrols will also be responsible for keeping order in markets and monitoring the urban environment. Violators of regulations will be fined from 200 yuan to 1,000 yuan.

The municipal government has allocated a large sum of money to train patrolmen and support their work.

China's first police patrol squad was organized in Shanghai, China's largest city, in 1992. Beijing started the patrol system in two urban districts on January 1, 1994, followed by some booming coastal cities soon after.

Up to this January, the number of such policemen in China had reached 4,600.

#### Military & Public Security

#### Former Soldiers To Be Sent 'Long-Term' to Tibet

HK1304070795 Hong Kong EASTERN EXPRESS in English 13 Apr 95 p 1

[By Didi Tatlow]

[FBIS Transcribed Text] Former soldiers and paramilitary troops are to be transferred to permanent positions as civilian cadres in Tibet, according to an internal document describing China's new policies for Tibet. The decision, spelled out in the unpublished Document Five and delivered to the Tibet Communist Party committee, marks a change in China's official policy towards the region.

Presently, cadres are rotated every five years, with some remaining for eight. Only Chinese with specialist skills on five-year contracts have been sent to Tibet, and they have been guaranteed passage home at the end of what most consider a "hardship posting". "Outstanding officers and soldiers" of the Tibet autonomous region military command and People's Armed Police units should be transferred to civilian work when their military service is over, in order to build up "a permanent contingent of cadres in Tibet", the document says.

Analysts said the move towards permanent settlement by former soldiers of Han ethnic background from the Chinese interior could reflect a recognition among China's leadership that cadres at the county level, overwhelmingly of ethnic Tibetan background, are becoming increasingly politically unreliable. Of an estimated 66,000 cadres in Tibet, about 72 percent are Tibetan, but these form the bottom three quarters of the power pyramid. The remaining 28 percent are Han and are concentrated at the top.

The emphasis on long-term transfer of personnel was spelt out by Raidi, a deputy secretary of the party, in an internal speech delivered on September 5 last year, and recently obtained by Tibetans living in exile. The secret document explains the decisions of a conference on Tibet held last July in Beijing. A public version of the speech, published in the official Tibet Daily newspaper the next day, omitted the section on the new transfer policy.

Government cadres in Tibet receive salaries five times as high as those paid in other provinces of China. Altitude and remoteness allowances are also provided. Salaries for cadres in Tibet were doubled last summer.

Document Five is the first clear evidence of a policy to settle soldiers in the mountain region in a style seen in Xinjiang, the far western province of China, since the 1950s. The new policy is revealed just one week after an editorial in the People's Daily newspaper hailed a new hero, Kong Fansen, who "rushed to work in Tibet without any hesitation", after heeding the party's call.

University graduates from inland provinces of China were also targeted for permanent settlement in Tibet. "We should enroll students (in universities throughout China) by deciding that their future professional works are (to be) in Tibet... this is a new strategy", Raidi said in the document. "Universities in the inner part of China should enroll those students at their own expense."

In another sign of tightening control over the restless region in the runup to the 40th anniversary of the Tibet autonomous region, the Chinese government recently described the Dalai Lama, Tibet's exiled spiritual leader, as the head of a serpent "which must be cut off."

**Beijing To Host World Military Sports Council**

OW1104161895 Beijing XINHUA in English 1505  
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—The 50th Congress of the International Military Sports Council will be held in Beijing this May.

The congress, which is to be organized by the People's Liberation Army, will be the largest of its kind since World War II. Thus far, more than 70 countries have applied to attend. By the time the congress convenes, more 300 delegates will meet in Beijing.

The International Military Sports Council, the world's only military sports organization, which now has 108 member nations, started with only five when it was established in Nice, in France, in 1948.

The People's Liberation Army joined the international organization in 1979.

**General**

**Li Peng Urges Shanxi To Use Energy Advantages**  
OW1204131895 Beijing XINHUA in English 1239  
GMT 12 Apr 95

[FBIS Transcribed Text] Taiyuan, April 12 (XINHUA)—Premier Li Peng has asked Shanxi Province, China's leading coal producer, to fully demonstrate its advantages as a major energy producing center by pushing its overall economic growth.

While inspecting this north China province April 7-11, Li noted that it produces 300 million tons of coal a year, a quarter of China's total, and ships 200 million tons to other parts of the country.

"Shanxi has made great contributions to the State and should continue to make still greater contributions in the future," he said.

The premier told local officials and workers that Shanxi should build more thermal power stations near coal mines to change from shipping coal to transmitting electricity.

"This approach will increase coal's added value and lighten the transport burden as well," he pointed out.

He said that coal mines should become comprehensive enterprises centering on coal production while engaging in other lines of production.

During his visit, Premier Li visited coal mines, factories, and villages and discussed the topic of how best to invigorate State-owned enterprises and strengthen agriculture with local officials and people.

In a meeting with executives of major State-owned enterprises, he said, "The fundamental way to invigorate State-owned enterprises lies in increasing the reforms."

"Practice has shown that State-owned enterprises can be invigorated in a socialist market economy," he said, but explaining that this requires sustained effort.

While visiting some villages, he said that Shanxi must strengthen the status of agriculture as the foundation of its economy, telling local officials and farmers that, "In expanding a socialist market economy, we must strengthen and expand agriculture."

The leader said that the project to divert water from the Yellow River to water-deficient Shanxi is crucial to promote Shanxi's economic growth.

He asked local officials and people to work hard on the project, and emphasized the need to expand water-efficient industries and agriculture through technological progress.

Li also said that this year, governments at all levels must take effective measures to substantially limit price rises.

**Zou Jiahua Tours Sichuan, Praises State-Owned Firms**

OW1204163795 Beijing XINHUA in English 1527  
GMT 12 Apr 95

[FBIS Transcribed Text] Chengdu, April 12 (XINHUA)—Vice-Premier Zou Jiahua said that State-owned enterprises can be run well and invigorated and that China should establish its own enterprise groups to help expand production and markets.

The vice-premier made these remarks during his April 4-10 tour of southwest China's Sichuan Province, China's most populous province. He visited several successful military plants which have become enterprise groups there.

Zou praised the groups for their outstanding achievements during the past decade and said that their successful experience should be summarized and disseminated.

"Their experience proves that State-owned enterprises can be run well and that the policy of turning military plants into civilian ones is correct," he said. "China must have its own enterprise groups, even transprovincial conglomerates."

He told executives of local businesses that they should run their enterprises in accordance with economic laws, and should pay close attention to market needs, changes in technology, and increasing capital flow themselves.

After hearing briefings on agriculture by local leaders, the vice-premier said that agriculture should never be overlooked in the province, explaining that, "Sichuan has so many people, that if agriculture does not go well, the economic base will be unstable."

**New Policies To Regulate Use of Offshore Resources**

OW1204164995 Beijing XINHUA in English 1510  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—China will work out detailed policies and regulations on the proposed market-oriented use of offshore resources in order to halt serious losses of State property, official sources said here today.

The policies will be drawn up by the National Bureau of Oceanography (NBO) and the State Administration of State Property (SASP), and will help realize the spirit of opening State properties to the market, which was outlined at a national conference on State property late last month, the officials said.

According to the government, accounts of real value will first be established based on the registration and appraisal of the coastal natural resources.



After this has been done, a management system for using the offshore resources on a paid basis will be put into effect.

China started using market-oriented management of these resources on a trial basis in Cangzhou, Hebei Province, in November of 1993. It will try to get a study of the country's offshore resources done in the near future, according to the government's agenda.

China's coast is rich in natural resources and covers more than 350,000 sq [square] km, across three climatic zones—tropic, subtropic, and temperate.

An NBO official said that, in addition to the natural resources, offshore areas are of great significance to China's economic development, especially to that of coastal regions.

He pointed out that the five special economic zones, the 12 economic and technology development zones, and the ten or so bonded zones are all in coastal areas.

The unrestricted use and exploitation of natural resources in the past, however, has resulted in a disastrous waste of state property as well as environmental degradation, the official noted.

Addressing last month's national conference, senior SASP officials said that controlling natural resources while making them market oriented is a fundamental way to help China put an end to this worsening situation. They added that the reform is a must for China's economic and social development.

They estimated the value of China's natural resources at 128 trillion yuan (15 trillion US dollars), far outstripping the country's total productive and non-productive state assets of 3.5 trillion yuan (416 billion US dollars).

Statistics show that China's marine economy experienced its fastest growth during the past 15 years. Total output jumped to 140 billion yuan (16.6 billion US dollars) last year from a mere 6.4 billion yuan (760 million US dollars) in 1979.

Official estimates show an expectation that the value will climb to between 230 billion yuan (27.3 billion US dollars) and 250 billion yuan (29.7 billion US dollars) by the end of this century.

### Finance & Banking

**Official Says Treasury Bonds Law Imminent**  
OW1304064795 Beijing XINHUA in English 0618  
GMT 13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (XINHUA)—China is drafting a Treasury Bonds Law to better regulate the fledgling bond market, which has seen occasional irregularities partly due to belated legislation, according to an official with the Ministry of Finance.

Addressing a symposium here Wednesday [12 April], Gao Jian, director of the ministry's Treasury Bonds Department, noted that the primary goal of developing China's bond market is to create the necessary conditions for the People's Bank of China, the central bank, to conduct open market operations, an increasingly important lever the central bank uses to exercise macroeconomic control.

To ensure a healthy development of the bond market, China will issue more kinds of bonds through improved methods, such as public bidding, so as to reduce the floating cost, the official said.

He said that China will also set up government bond funds and national companies responsible for the registration of such bonds.

According to the director, major problems facing the bond market are that the interest rates for bonds are still not completely market-driven, the number of bond varieties is too small and market infrastructure is insufficient.

He cited that the bulk of bonds issued in recent years mature in two or three years, and over-the-counter trading of treasury bonds is still not well developed, making it difficult for medium and small investors to buy the bonds.

"It will take time to standardize China's treasury bill futures trading market, as it is still young," Gao said, urging exchanges, brokerages and investors to contribute jointly to making it better.

China's bond market has been expanding rapidly over the past few years. Since it resumed issuing treasury bonds in 1981, China had floated more than 310 billion yuan (about 36.8 billion U.S. dollars)-worth of the bonds by the end of last year.

This year China will issue a total of 153.5 billion yuan-worth of bonds.

The latest statistics from the central bank show that 80.556 billion yuan-worth of the three-year certificate bonds, one of the two bonds put on offer March 1, had been snapped up by last Monday.

The sale of the three-year unregistered bonds which, unlike the certificates, can be listed and traded on the secondary market, closed March 20.

The issue date and size of the third type of this year's bonds, the paperless bonds, are yet to be decided.

Treasury bonds, which often carry attractive interest rates and inflation-adjusted subsidies, have over the years become the top investment choice of most ordinary Chinese, who find the country's two stock exchanges too volatile and interest on bank savings deposits actually negative due to the inflation, which ran at 21.7 percent on 1994.

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**Foreign-Funded Banks Make Profits in Guangzhou**  
HK1304075295 Guangzhou Guangdong People's Radio  
Network in Mandarin 0400 GMT 3 Apr 95

[FBIS Translated Text] This reporter learned from the provincial People's Bank that most foreign-funded banks in Guangzhou City have earned profits the very year they started business.

At present, Guangzhou has become a popular place for foreign-funded banks to set up branches. Banks from France, Japan, the United States, and Hong Kong have set up branches in Guangzhou. Up to now, the net assets value of foreign-funded banks in Guangzhou have reached \$821 million, and one of them has recorded a profit of over \$200,000, the largest of all.

**\*Article Sees Higher Taxes for State Enterprises**  
95CE0337A Beijing JINGJI GUANLI [ECONOMIC  
MANAGEMENT] in Chinese No 2, 5 Feb 95 pp 38-40

[Article by Reform and Development Research Institute of Shoudu Iron and Steel Research and Development Corporation; responsible editor, Liu Qichang (0491 0366 2490): "Investigative Report on State Enterprise Tax Burden"]

[FBIS Translated Text] On 25 November 1994, the three major papers in the capital all carried a report on a special survey of 1,809 Chinese-funded enterprises in 30 provinces and municipalities across the country (hereafter referred to as "sample survey") conducted by the China Entrepreneur Investigative Group and the Policy and Regulation Department of the State Administration of Taxation. The conclusion presented in the report is: With the implementation of the new tax system, enterprise turnover tax rates have come down, resulting in a decline in their total tax burden.

The above conclusion, however, is not in line with the feeling of most enterprises, nor does it agree with the comprehensive official statistics published by the relevant departments of the state. Moreover, it is diametrically contrary to the findings we have obtained through constant follow-up studies. To apprise our readers and the policy-making departments of the true situation with respect to enterprise tax burdens, we elucidate below the results of our investigations and studies.

**I. Before Tax Reform, State-Owned Enterprises Already Had an Excessive Tax Burden**

Whether the tax burden on state-owned enterprises is too heavy has long been a disputed issue. Most people are not very clear about the actual tax burden borne by our state-owned enterprises. As a first step to probe into this issue, let us make a comparison of the tax burdens

among different types of enterprises at home and between enterprises in China and in foreign countries.

Within our country, of all types of enterprises, state-owned enterprises have the heaviest tax burden. If the turnover tax burden borne by state-owned enterprises during the period from January to September 1993 is taken as 100 percent, then the burden is 58.7 percent for collective enterprises, 53.7 percent for township enterprises, and 62.9 percent for other enterprises, including the "three kinds of foreign-funded" enterprises. As turnover taxes are principal taxes, the above data are indicative of the excessive total tax burden on state-owned enterprises. To reduce the difference in tax burden, we do not believe that we should raise the taxes on nonstate-owned enterprises, because their tax burden is by no means lighter compared with enterprises in foreign countries. Instead, we should reduce the overly heavy tax burden on state-owned enterprises so that they may compete with others on a parity basis.

The following table shows a comparison of enterprise tax burdens in China and in other countries.

**Table 1. Comparison of Enterprise Tax Burdens in United States, Japan, and China (%)**

	3.7 million enterprises in U.S. (1992- 1993)	430,000 manu- facturing enterprises in Japan (1988)	70,000 state- owned indus- trial enterprises in China (1992)
Taxes to sales	3.5	3.4	10.9
Retained enterprise profits to sales	7.4	2.2	1.6
Taxes to total earnings	31.8	61.0	87.4
Retained enterprise profits to total earnings	68.2	39.0	12.6

Sources: U.S. *Almanac of Business and Industrial Financial Ratios* (editor-in-chief, Professor Troy; Aug. 1994 edition); report by Wang Leping of the Institute of Japanese Studies, Chinese Academy of Social Sciences (Mar. 1990); *ECONOMIC OPERATIONS EXPRESS* published by the State Statistical Bureau (Jan. 1993)

From the above table, we can see that the ratio of taxes to sales for state-owned enterprises in our country is three times as much as that for enterprises in the United States and Japan. As for the ratio of profit retention to total earnings, our state-owned enterprises get only one-third of that enjoyed by American and Japanese enterprises. Also, it should be noted that the taxes paid by American and Japanese enterprises include the social security tax, whereas Chinese state-owned enterprises

have to provide their employees with social security-type benefits, such as retirement pensions, medical care, and housing, all of which make up part of their operational costs and have to be disbursed out of their small retained profit. From this, we can see how little profit state-owned enterprises in China can really enjoy and what a heavy burden they have to bear.

## II. Tax Burden Is Heavier, Not Lighter, After the Tax Reform

The following is a comparison between the results derived from the "sample survey" and the data of practical operations based on the government statistics. Also given is an explanation of the comparison.

1. Table 2 shows the results of the "sample survey."

**Table 2. Turnover Tax Burden Before and After Tax Reform**

Types of Enterprises Surveyed	Number	Actual Tax Burden % Jan-Jun 1994	Nominal Tax Burden % Under Old Tax System	Actual Tax Burden % Under Old Tax System	Increase/Decrease in Tax Burden Before and After Tax Reform
Industrial Enterprises with Independent Accounting System	1809	6.99	8.81	7.51	-0.52
Including: State-Owned Enterprises	1268	7.44	9.31	7.84	-0.40
Collective Enterprises	68	4.49	5.16	4.96	-0.47
Township Enterprises	95	3.71	5.32	4.53	-0.82
Other Enterprises	378	5.30	6.96	6.32	-1.02

### Remarks:

1) Data obtained from RENMIN RIBAO, JINGJI RIBAO, and ZHONGHUA GONGSHANG SHIBAO [CHINA INDUSTRIAL AND COMMERCIAL TIMES], 25 Nov. 1994, pp 1-2.

2) The turnover tax burden is the ratio of turnover taxes to sales. Increases and decreases are expressed in percentage points.

Table 2 shows an apparent decline in the enterprise turnover tax burden after the implementation of the new tax system.

2. Table 3 gives the results of government statistics based on data provided by the State Statistical Bureau, the Ministry of Finance, and Beijing Municipality.

**Table 3. Turnover Tax Burden Before and After Tax Reform %**

Types of Enterprises	Number	Turnover Tax Burden Before Tax Reform		Turnover Tax Burden After Tax Reform		Increase/Decrease Before and After Tax Reform
		Jan-Jun 1993	Jan-Sep 1993	Jan-Jun 1994	Jan-Sep 1994	Jan-Sep 1993—Jan-Sep 1994
Industrial Enterprises with Independent Accounting System	370,000		7.10		8.20	-1.10
Including: State-Owned Enterprises	70,000		8.42		9.92	-1.50
Collective Enterprises	300,000		4.94		6.03	-1.09
Including: Township Enterprises	190,000		4.52		5.53	-1.01
Other Enterprises	20,000		5.30		6.04	-0.74
Industrial Enterprises Included in Budget	36,000	8.83	8.84	11.33	10.52	-1.68
Including: Enterprises in Beijing	400	8.55	8.66	9.44	10.24	-1.50

Remarks:

1) Enterprises with independent accounting systems are covered by statistics compiled by the State Statistical Bureau. Enterprises included in the budget are covered by statistics provided by the Ministry of Finance.

2) The turnover tax burden is the ratio of turnover taxes to sales. Increases and decreases are expressed in percentage points.

From Table 3, we can see clearly that the enterprise turnover tax burden increased after the implementation of the new tax system. The increase was roughly twice as much as the decrease shown in Table 2.

3. Explanation of comparison: 1) Turnover taxes in the "sample survey" and the government statistics comprise the same taxes. Tax burdens are also calculated in the same way—namely, the ratio between total turnover taxes and total tax-inclusive sales income.

2) The "sample survey" has a 25.8 percent response rate. Its coverage is limited, and there are numerous error factors. The government statistics cover all enterprises and are, therefore, comprehensive with fewer error factors.

3) In the "sample survey," the basis for comparison, i.e., the turnover tax burden in 1993 prior to tax reform, is based on the actual figures for Jan-June 1994 calculated according to the old tax formula. Because of the big variation of the components of the turnover taxes before and after tax reform, the different rates of the taxes involved, and the very complicated formulas for calculating tax deductions, accurate data are very difficult to work out, and any simple estimation can in no way be accurate. On the other hand, the government statistics are based on actual figures before and after the tax reform and involve no estimation-induced errors. So they are more reliable for comparison purposes.

Conclusion: After comparing tables 1 and 2, we believe that the data provided by the State Statistical Bureau and the government financial departments are more reliable and trustworthy and can be used for comparison purposes. As to the tax burdens on individual industries or enterprises, there are certainly increases or decreases because of the adjustment of tax rates and the vast difference in the deductions relative to the value-added tax in different cases. In general, however, there are more cases of increased burdens than decreased burdens. On the whole, tax reform has augmented the tax burden on enterprises, in particular the turnover tax burden on state-owned enterprises. Since turnover taxes are equivalent to about 70 percent of enterprise earnings and account for over 85 percent of the taxes (including income tax) paid by them, the increase in the rates of turnover taxes have pushed up their total tax burden. For example, the total tax burden (ratio of taxes to earnings) on industrial enterprises included in the budget (36,000 enterprises) for January-September 1994 showed a rise of 0.8 percentage points.

III. Consequences and Solutions

In the market economy, the vigor and vitality of enterprises are manifested mainly by their ability to transform and develop themselves. Without such an ability, they can hardly escape the fate of dwindling, money-losing operations, or even bankruptcy. In particular, being capable of developing themselves is a precondition for carrying out reproduction and bringing about a virtuous circle of input and output. To do so, it is of key importance that enterprises must have a proper and reliable financial source to meet the requirements of reproduction. Under the planned economic system, enterprises depended on state investment as their sole financial source. Now, with the switch of the economy to the market-oriented system, enterprises have to create financial sources by themselves. If the vast part of their earnings are taken away, enterprises will lack the economic capacity to transform and develop themselves, and it will be very hard for them to achieve the goal of modifying their system and operational mechanism. Currently, the major difficulty confronting state-owned enterprises is a serious shortage of funds for developing reproduction due to the following two reasons: First, as the depreciation rate is too low, they cannot maintain simple reproduction. Second, because of the very low rate of earnings retention, they cannot expand reproduction. To survive and become competitive in the market, state-owned enterprises must unremittingly transform and develop themselves. But, with the present low rate of earnings retention, what shall these enterprises do? The overwhelming majority of them rely on loans, and under such circumstances, of course, they will not have enough money to pay back the principle and defray the interest on the loans. This is why the debts of some enterprises have "snowballed." The liability rate of state-owned enterprises has soared from nearly zero in the initial period of reform to 70 percent in recent years, and it continues to rise. The reason is that, for years, these enterprises have been subject to an overly heavy tax burden, and the portion of earnings they can retain have been too small. At present, decision-making power has not been fully granted to these enterprises, and there is little money they can use of their own accord. These are two big problems restricting the survival and development of state-owned enterprises. Decision-making power and money that can be used of their own accord are both indispensable for the invigoration of state-owned enterprises. Now the former problem has been given due attention, but the latter is still being ignored. It should be noted that both are problems we can in no way evade.

Facing state-owned enterprises are a number of problems that require urgent solution. In our opinion, we should take a comprehensive approach—attacking the roots of the problems as well as correcting their symptoms, with emphasis on the former. For example, in dealing with enterprise problems of low efficiency, big losses, heavy debts, and the weighty burden of providing social welfare benefits to their employees, we should not merely look at the symptoms, but must tackle the root cause. The root cause for these problems is that over the past years state-owned enterprises have been deprived of



their resources. As a result, they are now entering the market like "an old ox pulling a rickety cart." With no competitive edge, they, of course, have a low efficiency and big losses. Also, because they can retain only a small part of their earnings and have no "mechanism for repaying loans," their debt burden is inevitably heavy. As for the establishment of a social security system, this can only be carried out step by step once the enterprises can retain a greater share of their earnings and have raised their efficiency. Now most state-owned enterprises are seriously short of self-provided funds and can hardly "support themselves." Under such circumstances, if we further increase their burdens by asking them to "do something for the future," we are just "aggravating their difficulties."

We should take various measures to either cut enterprise tax burdens or increase their fund input. This is an unavoidable policy choice to invigorate our enterprises and enable them to accumulate funds and develop themselves. Of all measures, the best one is incremental adjustment—that is, if an enterprise has earned more, it should be allowed to retain a greater share of the extra earnings. This way the enterprise will be able to revive after a few years. One way to carry out this policy is to institute a comprehensive input-output contract system for the few state-owned enterprises in need of support. Practical experience proves that this is an effective approach. It has the effect of lightening the enterprise tax burden without reducing state revenue. This does not contradict the new tax system because enterprises still pay taxes according to the regulations, but the part in excess of the amount specified in the contract is refunded by the financial authorities as an additional capital input from the government, which is the owner of the enterprises. Of key importance here is that we should properly deal with the relationship between government revenue and economic development. As long as we take the invigoration of state-owned enterprises as a major guideline for the financial and tax reforms and implement positive policies to reduce their tax burden, then with the development of the state-owned economic sector, state revenue is bound to soar rapidly.

### Foreign Trade & Investment

**AT&T To Help Develop Cordless Phone Network**  
OW1204145495 Beijing XINHUA in English 1435  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—The American AT&T Company, the world's communications leader, signed a contract with a Chinese partner today to establish the country's first urban digital pocket phone network.

According to the contract with Huaxun Communication Group (HCG), the Telepoint Network will go into operation in three months in Shijiazhuang City of north China's Hebei Province.

The number of licensed users already exceeds 10,000.

AT&T will supply the city-wide network with the latest handset, the CT2, one of the most advanced second-generation cordless digital phones in the world, according to David Yang, president of AT&T Multimedia Products Group (China).

He noted that AT&T's CT2, which combines the function of a conventional telephone with that of a two-way radio, is in wide use in 23 countries in Europe, and the Asian and Pacific Region.

Dai Huanzhong, general manager of HCG, said that the CT2 service will be welcomed by the country's rapidly growing telecommunications market, especially in small and medium-sized cities, which have long been in need of multi-function wireless communications products at an affordable price.

The network infrastructure will be provided by GPT Ltd. Of Britain, Yang disclosed.

AT&T currently has eight joint ventures in China, and has offices in six cities, including Beijing, Shanghai, and Guangzhou.

### U.S. Life Insurance Firm Establishes Shanghai Office

OW1204161595 Beijing XINHUA in English 1538  
GMT 12 Apr 95

[FBIS Transcribed Text] Shanghai, April 12 (XINHUA)—The New York Life Insurance Co. of the United States established an office in China's largest city of Shanghai today, to mark the 150th anniversary of its founding.

The insurance company had an office in the city but left Shanghai 70 years ago.

William Yelverton, chairman and chief executive officer of the New York company, said that he hoped a business branch of his company will soon be started here.

He praised Shanghai as China's financial center and described China's insurance market as "huge," adding that he expects China would be the largest insurance market early next century.

China has approved the American International Insurance Co. of the United States and the Tokyo Marine and Fire Insurance Co. Ltd. of Japan to start business in Shanghai. Seventeen other foreign insurance companies have opened office in the city and are applying for business operations.

### U.S. Company Introduces Anticounterfeit Logo

OW1204135695 Beijing XINHUA in English 1338  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—The US-based Bausch & Lomb Incorporated, one of the



worldwide leaders in healthcare and optical products, announced here today the introduction of an anti-counterfeit polaproof [as received] logo for all of its Ray-Ban sunglasses which are to be sold in China.

It is said to be a support measure to China's crackdown of counterfeit products.

Vice-Chairmen of the Standing Committee of China's National People's Congress Wang Guangying and Cheng Siyuan attended a reception here this evening to mark the occasion.

#### **Guangdong To Crack Down on Pirated Products**

HK1304074095 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1339 GMT 11 Apr 95

[By reporter Chen Zhuming (7115 4554 7686): "Guangdong To Completely Rectify Audio-Visual Product Market"]

[FBIS Translated Text] Guangzhou, 11 Apr (ZHONGGUO XINWEN SHE)—This reporter has learned from the Social and Cultural Administration Committee of Guangdong Province today that, apart from straightening things out with regard to the publication, reproduction, and importation of video laser discs, Guangdong is to stress three key areas in its activities to screen pirated audio-visual products starting this year:

The three key areas are: The key variety of products is compact discs [CD]; the key areas are Guangzhou, Shenzhen, Zhuhai, Foshan, Chaoyang, Puning, and Panyu; the key places are the Rixin shopping mall, Haiyin, Xichang, Haizhu, and Zengcheng Xintang audio-visual markets in Guangzhou, and the audio-visual production units and audio-visual markets in Shenzhen, Chaoyang, and Puning, and the underground production lines in the cities concerned.

It is understood that there are currently 19 CD production plants, 28 production lines, 45 audio-visual reproduction plants, and 25 audio-visual publishing houses in Guangdong.

To strengthen control over the audio-visual markets, Guangdong has set up a special group to investigate and uncover underground production lines. It will also examine every audio-visual reproduction unit and get information on the variety of products to be reproduced and processed, product quantity, the area where they are to be sold and their related copyright. Those who produce pirated CDs (video laser discs) are to be strictly dealt with in accordance with the relevant regulations. Those who commit this offence seriously or repeatedly are to be given administrative penalties or economic fines in accordance with the law and ordered to close down their reproduction operations. According to the relevant provisions, if an audio-visual reproduction unit is to take a processing order from outside the border, it is required to submit a copyright certificate and a letter of

authorization from the authorizing unit to the Guangdong Copyright Bureau for registration. Domestically produced CDs are required to have a source identification code; otherwise, they will all be considered illegal publications. As of 1 July this year, all audio-visual products without a Chinese standard audio-visual product code will be considered illegal publications.

In addition, approval from the Guangdong Press and Publications Bureau must be presented to all customs authorities in Guangdong in going through the procedures for the import of CD samples and other audio-visual product samples, raw materials, and equipment and for the export of finished products.

According to an incomplete statistics, since October last year, Guangdong has confiscated more than 360,000 pirated CDs, over 45,000 pirated audio tapes, nearly 90,000 pirated video tapes, and approximately 9,000 smuggled video laser discs.

#### **Sino-German Joint Venture Repairs Boeing Planes**

OW1204145795 Beijing XINHUA in English 1422  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Strut modification on an Air China Boeing-747 SP was completed here by a Sino-German joint venture recently. This is the first occurrence of its kind in China.

The company was AMECO-Beijing (Aircraft Maintenance and Engineering Corp., Beijing), an Air China and Lufthansa Airlines joint venture. It is China's biggest Sino-foreign joint venture in air service and the country's biggest aircraft maintenance and overhaul company.

Dr. Klaus Stahlschmidt, general manager of AMECO-Beijing, said that during the past 24 years, three instances of cracks or corrosion occurring in the strut attached to wing components have been reported. He explained that undetected cracks of this kind can ultimately result in the engine and strut separation.

He expressed optimism about his company's further expansion in the China market and said that, in addition to Air China, the company's major customer, he hopes to co-operate in future with other airlines in strut modification of Boeing-747s.

It has been estimated that there will be nearly 1,000 Boeing-747s worldwide in need of strut modification over the next seven years.

Yin Wenlong, president of Air China, said that AMECO-Beijing has made a "significant contribution" to his company in the past few years and brought sizeable profit to the Chinese and German partners.

**Fujian Foreign-Funded Firm Becomes Operational**  
OW1204142295 Beijing XINHUA in English 0840  
GMT 12 Apr 95

[FBIS Transcribed Text] Xiamen, April 12 (XINHUA)—The Xianglu Terylene Works, the largest foreign-funded firm in east China's Fujian Province, went into operation in the newly-built Haicang Development Zone here on Tuesday [11 April].

This indicates that the development zone has completed initial capital construction and ushered in the stage of production.

The chemical plant, built with 270 million U.S. dollars pooled by overseas Chinese investors, has a designed annual production capacity of 210,000 tons, the second-largest capacity in China after that of the Yizheng Chemical Works in Jiangsu Province. Its equipment and technology were imported from Japan, the U.S. and Europe.

Its operation will give an impetus to the development of the country's chemical industry, said the plant's head, Lin Wenxiao.

The Haicang Development Zone, built in 1989 with the approval of the State Council, is the leading investment zone in Xiamen catering to investment from Taiwan.

**French Attend 12-14 Apr Subway Seminar in Beijing**

OW1204170295 Beijing XINHUA in English 1631  
GMT 12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (XINHUA)—Beijing Vice-Mayor Lu Yucheng said that Beijing is expected to start co-operating with French subway and "light-rail" firms to improve its rail transport system.

At a three-day seminar which opened here today, the vice-mayor told those attending that Beijing could learn from Paris in terms of its advanced technology and management of its subway system.

The vice-chairman of the Grand Paris District said at the seminar that Paris is capable of providing transport service, technology, and equipment to Beijing.

He also said that Paris is in contact with Shanghai and Guangzhou about subway co-operation. A number of French entrepreneurs will visit China in October and discuss the matter.

The first light-rail system in the Chinese capital has been planned to be built in Changping county in the north.

Beijing's subway system currently has 42 kilometers of track and carried 540 million people last year. By 2010, the subway will be 120 kilometers in length and that means a large amount of capital, new technology, and equipment.

Currently, a 12.7-kilometer-long section of subway from Fuxingmen running through central Beijing to Bawangfen is under construction, with loans coming from the Japanese Government. Other sections, including a 27-kilometer subway extending northward from Dongdan, are in the planning stage.

**Jilin Increases Industrial Product Exports**

OW1204142395 Beijing XINHUA in English 0801  
GMT 12 Apr 95

[FBIS Transcribed Text] Changchun, April 12 (XINHUA)—Export volume of industrial products exceeded that of agricultural products for the first time last year in northeast China's Jilin Province, according to provincial officials.

The province's export volume of finished industrial products accounted for 54 percent of its total export volume in 1994, surpassing one billion U.S. dollars.

Officials attributed the increase to the sustained growth of industry in Jilin, which was one of the country's major heavy industrial bases before the reform and opening-up policy was implemented in the late 1970s.

Its industrial exports cover more than 900 varieties of products, including the 38 major ones, which earn more than five million U.S. dollars a year each.

Automobiles and petrochemicals have become pillar industries in the province and begun to compete in the international market.

The No.1 Automobile Group in Changchun, capital of the province, exported 400 sedan cars to Southeast Asian countries in the first quarter of this year.

Since the 1980s a total of more than 30 billion yuan (about 3.8 billion U.S. dollars) of investment have been put into the updating of Jilin's large- and medium-sized state-owned industrial enterprises.

At the same time, 84 industrial enterprises in the province have been authorized to handle export and import businesses by themselves.

In addition, foreign-funded industrial ventures have also played an important role in increasing the province's export of industrial products. Last year, their export volume amounted to 130 million U.S. dollars.

**Local Protectionism Hinders IPR Effort**

HK1304055095 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 13  
Apr 95 p 10

[By Josephine Ma]

[FBIS Transcribed Text] Lack of co-ordination between government departments will hinder the efficient use of limited resources available for protection of intellectual property rights (IPR), says the China Patent Agent, one

of the largest agencies dealing with overseas orders. General manager Zheng Songyu said the government structure gave each department limited scope of authority for IPR protection and wasted manpower and money.

Mr Zheng said IPR protection was divided into three areas, patents, trademarks and copyright, each under separate divisions. The three departments are the trademark offices under the State Administration for Industry and Commerce, and the China Patent Office and the National Copyright Administration, both of which are under the State Council.

Mr Zheng said the departments operated independently, despite the central government having set up a coordinating group in 1993, under state councillor Song Jian. He said the departments and their branches lacked enough staff to carry out piracy investigations, and had to hire staff from each other or public security bureaus.

Such practices dampened the enthusiasm to curb IPR piracy because the departments found the fines collected from lawbreakers seldom covered the expense of hiring people from other departments. "There are definitely not enough people for a local department (to wipe out pirated commodities)," Mr Zheng said. He said putting IPR protection under one department was necessary for effective enforcement of laws, the lack of which had long been regarded as the core of the IPR problem.

He said intervention by local governments was another obstacle to IPR protection enforcement. As a large patent agent frequently carrying out IPR piracy inspections on behalf of overseas companies, he said his company sometimes faced pressure from local governments. "Sometimes the local governments are uncooperative and we have to ask the State Administration of Commerce and Industry for help," he said.

There usually was not any problem if the company asked for help at the state level. That experience of Mr Zheng's company is not unusual. Pressure from local governments has long been regarded as a major obstacle to the enforcement of laws protecting IPR, and for good reason. Factories engaged in piracy of intellectual property sometimes are pillars of the local economies with local governments having invested in them.

Mr Zheng said it was difficult to sue a company for copyright infringement in a local court if the company was backed by the local government. "Warner Brothers

filed a lawsuit in Beijing last year. It was actually aiming at a company in Shenzhen," he said.

But Warner Brothers preferred to sue a retail shop in Beijing instead of suing the factory in Shenzhen directly, because of the protection offered by the local government, Mr Zheng said. The company had achieved its aim of closing the factory after the court in Beijing ruled that its copyright had been violated.

A lack of awareness of IPR laws has proved to be another obstacle. As China establishes more copyright courts, educating legal workers has become a priority. "IPR protection is a brand new concept for many Chinese people as this (legal framework) has been a piece of blank paper for the past 20 years," Mr Zheng said. He said with government backing courses on patent and trademark law have been introduced at Beijing University Shanghai Engineering University and the Chinese People's University.

#### **\*Article Views Foreign Investment, Exchange Controls**

95CE0330A Beijing GUOJI MAOYI WENTI  
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[Article by Li Yanlong (2621 5888 7893), Finance and Banking Department, Northeast Finance and Economics University: "Analysis of and Ideas About Make-Up of China's Foreign Capital"]

[FBIS Translated Text] There are four main ways to get foreign capital: foreign loans, attracting direct foreign investment, issuing bonds abroad, and receipt of foreign assistance. The first two methods predominate in China's use of foreign capital today. Between 1979 and 1991, most of the foreign capital that China used came from borrowing abroad, but beginning in 1992, direct investment by foreign concerns took first place. This article seeks to find out, through analysis of the make-up of foreign capital, certain shortcomings in China's use of foreign capital and to offer some overall ideas about how to use capital and the make-up of foreign capital.

#### **I. Positive Analysis of the Make-up of Capital That China Uses**

Since 1992, direct investment has leaped to first place in China's use of foreign capital. What affect this change, which occurred only two years ago, will have on the economy is difficult to gauge accurately at the present time. However, a temporary conclusion may be reached through the analysis that is given below about the overall situation in China's past use of foreign capital.



**Table 1. Breakdown of the Make-up of Foreign Capital Used in China**

Breakdown by Year	Foreign Loans (\$100 million)			Direct Foreign Investment (\$100 million)		
	Number of Projects	Agreed Sum	Actual Sum	Number of Projects	Agreed Sum	Actual Sum
1979-91	752	639.9	527.5	42,027	576.7	268.4
1992-93	252	219.5	186.6	132,029	1701.7	373.1
Total (1979-93)	1,004	859.4	714.1	174,056	2278.4	641.5

Source of Data: *Chinese Statistical Abstracts 1994*, p 110, Chinese Statistics Press, 1994

Table 1 shows total use of foreign capital in China between 1979 and 1993. In order to make a comparative analysis of changes in the composition of foreign capital,

the table takes the year of change of the actual amount in the composition of foreign capital (1992) as a dividing line. It divides the data into two groups, and then divides each group into direct investment, agreed amount, and actual amount of foreign capital. This forms the basis for the analysis shown in Table 2.

**Table 2. Comparison of Placement Rate and Annual Project Scale**

Breakdown by Year	Placement Rate (%)		Annual Project Scale (\$100 million)			
	(Actual Amount/Agreed Amount)		(Agreed Amount/Project Amount)		(Actual Amount/Project Amount)	
	Foreign Debt	Direct Investment	Foreign Debt	Direct Investment	Foreign Debt	Direct Investment
1979-91	82.43	46.54	85.10	1.37	70.14	0.64
1992-93	85.00	21.93	87.12	1.29	74.05	0.28
Total (1979-93)	83.07	28.16	85.61	1.31	71.12	0.37

Note: Data in table derived from calculation of Table 1 data.

Table 2 shows that we can make the following comparisons between foreign borrowing and direct foreign investment. Let us first examine the fund placement rate. Between 1979 and 1991, the direct investment placement rate was 46.5 percent, or over half the 82.4 percent foreign loan placement rate for the same period. Between 1992 and 1993, the investment placement rate was only 21.9 percent, compared to an 85 percent foreign loan placement rate for the same period. Of course, such a low direct investment placement rate may result from most direct investment having been made over a long period, the money being put in place only gradually. Nevertheless, insofar as comparisons can be made, the historical situation between 1979 and 1991 suggests that the placement rate for direct investment was also very low at only 46.5 percent. This shows that more than half of pledged direct investment was never made, but the placement rate for foreign loans reached as much as 85 percent. The results of this analysis show very great uncertainties in direct foreign investment versus foreign borrowing.

Let us now compare the annual project scale. The foreign borrowing situation shows \$85.1 million agreed upon per project each year between 1979 and 1991. This figure rose to \$87 million during 1992 and 1993. The actual scale per project between 1979 and 1991 was \$70.14 million; for 1992-93, it was \$74.05 million, also showing a rising trend. By comparison the scale of direct investment per project per year was consistently very small.

Figured in terms of the agreed amount, it was \$1.37 million between 1979 and 1991, and \$1.29 million between 1992 and 1993. Actual investment was \$640,000 between 1979 and 1991, and only \$280,000 for 1992-93. Admittedly, a gradual placement problem existed for newly signed direct investment contracts during 1992-93; however, comparison of the agreed amount and the actual amount for the period 1979-91 shows the per project per year scale of direct investment was still much smaller than the similar foreign borrowing norm. Even when the total agreed amount for 1979-93 is looked at, the annual per project amount of foreign borrowing was about \$85.61 million, but the annual per project amount of foreign firm direct investment was \$1.31 million, only 1.53 percent of the annual per project of foreign borrowing. Comparison of the above indicators of scale clearly shows that most of the projects for which money was borrowed were large and medium-size one, but that most direct foreign investment was in small projects, and the amount of money for the former was vastly larger than for the latter. The following analysis proves that this was the case.

The analytical table above shows that between 1979 and 1993, both in terms of a comparison of the year-by-year breakdown and the total, or the agreed amount and the actual amount, the scale of foreign borrowing per project per year and the funds placement rate were much greater than for direct investment. On this basis, one can arrive at the following tentative conclusion: Foreign borrowing was for large projects and the funds placement rate was high, so the projects had firm backing. But direct foreign



investment was mostly in small projects for which the funds placement rate was very low; thus, such projects were fraught with uncertainty. Simply stated, getting foreign loans is much more solid than getting direct investment.

Further careful analysis shows a very strong correlation between some bad decisions in China's use of foreign capital and both the make-up of foreign capital and the way it was used.

#### 1. Analysis of sources of foreign capital.

During the past more than a decade of opening to the outside world, some of the sources for foreign capital used in China have been prudent, and others not. Sources of foreign borrowing have been largely prudent. Sources of foreign loans other than international finance and banking organizations such as the World Bank, the Agriculture Development Fund, and the Asia Development Bank have been developed countries such as Japan, Western Europe and the United States, and Hong Kong, Macao, and Taiwan. This fairly diffuse source of funds has avoided excessive reliance on certain countries and territories. Flexibility in borrowing has also helped contract the scale of foreign debt.

However, too much direct foreign investment in China comes from just a few sources. Study shows 91 percent of total direct project investment has come from Hong Kong, Macao, and Taiwan, Japan, and the United States. This is 87 percent of the agreed amount of investment, or 88 percent of actual investment—a substantial concentration. It is even more noteworthy that Hong Kong, Macao, and Taiwan account for an absolute majority in all categories, 81, 75, and 68 percent respectively. Up until 1992, more than 80 percent of the total number of direct investors and the amount of direct investment in China came from Hong Kong, Macao, and Taiwan, but only about 12 percent of the investing concerns and the amount invested came from the United States, Japan, and Singapore, and only slightly more than 2 percent came from the UK, France, and Germany.

The main reason for the concentration of sources of direct investment lies mostly in too great a percentage of Hong Kong, Macao, and Taiwan capital. This high concentration also occasions some problems such as too great a concentration of the fields in which investment is made, too much investment of medium and small amounts of capital, and investment in a not very high level of technology. Even more noteworthy is that we might very well have completed some of the imported projects ourselves. The use of direct investment to bring in sophisticated technology is one of the goals of China's use of foreign capital. However, technology and the ability to use it is not as developed in Hong Kong, Macao, and Taiwan as in developed countries. The technology propagation effect from these areas' direct investment in the mainland can play only a "secondary

propagation" role. It cannot very well satisfy the technological requirements of China's economic development. It is investment by medium-sized and large transnational corporations in developed countries having plentiful capital and technology that can really do this; however, few such investments are made in China today. We will have to make greater efforts in this regard.

Recently, some scholars termed Hong Kong, Macao, and Taiwan capital "national capital in a special form," meaning that even though Hong Kong, Macao, and Taiwan capital is regarded as foreign capital today, it comes from the same root, the same source, and the same people. Over the long run, as China's reform and opening to the outside world intensifies, with the retrocession to the mainland of Hong Kong and Macao, and with progress in relations between both sides of the Taiwan Strait, this capital will take on a greater Chinese complexion. It can only be considered "quasi-foreign capital" Looked at in this way, China's use of foreign capital is exaggerated. The current structural pattern of direct investment corroborates the reasons for the decline of the two direct investment indicators in Table 2, and it also suggests an unfavorable outlook for an overall rise in the country's technology.

#### 2. Structural analysis of the scale of foreign capital.

The scale of investment has a bearing on the total amount and the return from use of foreign capital. The annual scale of foreign capitalized projects is the main indicator of the scale of direct investment. Rise and fall of this indicator shows expansion and contraction of project scale. Table 2 provides this indicator for both foreign borrowing and direct foreign investment. The breakdown by years shows little change in the agreed upon and the actual scale of foreign borrowing for projects. It was basically stable at around \$86 million and \$72 million. However, the scale of direct investment projects declined greatly. The scale of agreed upon projects fell from \$1.37 million to \$1.28 million, and the scale of actual investment fell from \$640,000 to \$280,000.

The scale of direct investment is related mostly to the sources of investment and the kinds of projects in which investments are made. In terms of source, most of the direct investment by Japanese, American, British, German, and French firms was around \$1 million; South Korean, Canadian, and Australian firms invested \$500,000 or slightly more. Investment from Hong Kong and Taiwan was also mostly around this figure. In terms of use, a substantial portion of foreign investment went into finance and banking, insurance, and real estate, but investment in industry, agriculture, and the construction industry tended to be small. Clearly the reasons for the not very great amount of direct investment is little use of developed countries as a source for the importation of large projects, and not very good regulation and control over investment in certain industries. It is difficult to attract large projects, while there is too much enthusiasm

for small projects. Specifically, there are three reasons for the contraction in the annual amount of direct foreign investment: First is an increase in the percentage of joint-venture enterprises among the three kinds of partially or wholly foreign-owned enterprises, some of which are false joint ventures, which creates a decline in both project size and the funds placement rate. Second, with the steady expansion of China's opening to the outside world in recent years, competition among various jurisdictions to import foreign capital to develop rush projects has intensified. Thus, some low-grade medium-sized and small foreign investors have taken the opportunity to come into the country. This has increased the number of medium-sized and small projects as a percentage of overall direct investment. Third, some investors often use a small amount of investment to "angle for" projects, using this as a gambit to get Chinese bank credit, using domestic capital to make money.

Obviously, contraction of the scale of foreign direct investment hurts the country's importation of sophisticated technology and equipment, improvement of product quality, and the opening of international markets. It hurts even more optimization of domestic enterprises organizational and technical structures. This situation must be given close attention. Simultaneous with current improvement measures for expanding the building of infrastructure, perfecting the investment climate, and improving applicable laws and regulations, industrial policy guidance must be improved for direct investment, equal competition encouraged, capital upgraded, and the balance between borrowing and direct investment of foreign capital improved.

### 3. Structural analysis of foreign-owned enterprises.

No formal statistical data is presently available about how foreign borrowing is used. Internal data show the areas of investment to be generally as follows: Most foreign borrowing goes into secondary industries followed by tertiary industries, with primary industry getting the smallest percentage. This is a not very sensible distribution, but the situation is far better than for direct investment. The industries in which direct foreign investment is made change markedly at different times. It is in a relative state of flux. Between 1979 and 1983, primary industry got the largest percentage followed by the secondary and tertiary sectors. The period 1984 to 1987 was one of increase in foreign investment during which investment in tertiary industries held first place, secondary industries came second, and primary industry brought up the rear. Direct foreign firm investment increased greatly between 1988 and 1993. An overwhelming majority of this investment was in secondary industries followed by tertiary and then primary.

Relevant data show that during the period 1979 through June 1993, foreign direct investment in large three kinds of partially or wholly foreign-owned enterprises was generally as follows: 3 percent in primary industry, 81 percent in secondary industry, and 16 percent in tertiary

industry. The data also show that 81.4 percent of the foreign capitalized enterprises were industrial enterprises, which used 65.4 percent of the foreign capital; 8.2 percent were real estate development and public utility ventures, which took 24 percent of the foreign capital, but only 2.6 were in the agricultural sector taking 2 percent of the foreign capital. Investment elsewhere was minuscule. Clearly direct investment in industry is seriously skewed.

Direct investment is slanted greatly toward industry. This is partly because of the nature of investment in trades and the migration of foreign-owned industries abroad. For example, most foreign investment is in the small-scale, quick-results, low-risk processing industry sector. In addition, in order to benefit from cheap labor, some foreign concerns transfer their labor-intensive industries to China. It is also partly because in their importation of capital, all jurisdictions are anxious for quick success and immediate profits, and because of China's half-hearted macroeconomic industrial policy guidance. One might say that current use of foreign capital, particularly use of direct investment not only does not play a role in coordinating China's industrial structure, but intensifies the tendency toward structural imbalance instead.

## II. Several Ideas About the Way in Which Capital Is Used

The purposes for which foreign capital is used depend on international capital export methods and a country's method of using capital. If the export method is determined by external factors, the purposes for which a country uses foreign capital may be largely decided on the basis of its own method of using capital. The above analysis shows certain shortcomings in the purposes for which China uses foreign capital that are a cause for deep concern. Several overall ideas are presented below on the effect of the methods of using capital on the purposes for which foreign capital is used.

First, direct foreign investment is in the microeconomic realm of China's two main methods of using capital. It is both dispersed and uncertain. Therefore, government must improve industrial policy guidance, bringing direct foreign investment into the national economic system so that it flows in when needed instead of surging in without control. Foreign borrowing is basically a macroeconomic activity of the government in China. In the course of more than a decade of foreign borrowing, no major risks have occurred. In this sense, China's use of foreign loans has been successful. However, this success is only success in loan control. If one were to ask what contribution foreign borrowing has made to formation of a rational national economic system, it would be difficult to give an answer right now. The make-up of foreign capital has changed during the past two years with direct foreign investment predominating. This change has increased the influx of foreign capital, but some problems exist in the make-up of direct foreign investment; therefore,

since we are going to continue to use direct foreign investment, we will have to make more structural readjustments to it. Use of direct investment requires better selection and getting rid of the idea that more the better. In addition, in determining the ratio between foreign loans and direct investment in the use of foreign capital, the state must have a long-range plan. It must base its decision on the needs of economic growth and development. It cannot go after quantity, nor can it make direct investment a substitute for foreign borrowing. Much less can it be beguiled by the "advantage" that direct investment produces no indebtedness for the time being.

Second, a change must be made from quantity to quality in the use of foreign capital, and the methods of using foreign capital must be changed to reflect this change. A country that uses foreign capital has two tasks to perform: First, it has to help find its own comparative strengths internationally, determine its position in the international division of labor, and enhance its international competitiveness. The method of using capital is very important in this qualitative change process. It has a definite effect on a country's shaping of its own comparative strengths. South Korea has had successful experiences in this regard; it has emphasized foreign loans in its use of foreign capital, exercised fairly strong control over its own key industries, and permitted relatively little intrusion of direct foreign investment. Consequently, it has developed and maintained its own "first rate" industries, such as motor vehicle and electronics industries. In recent years, these industries have shown the first evidence of their prowess. China has been using foreign capital for more than a decade, but it has yet to foster "first rate" industries that are able to establish an unassailable position in international markets. In this sense, our use of foreign capital has not attained its true goals. Therefore, earliest possible building of "first rate" industries oriented toward the international market should be the direction toward which we aim in our future use of foreign capital. Realization of this goal will require numerous large projects, but it is very unlikely that these projects will be able to rely on the direct investment of foreign firms for their completion. It seems the government will have to play the leading role in this regard. Therefore, possibilities for using foreign loans in a rational way are still bright. Second, a country's use of foreign capital helps smooth out the economic structure. Analysis of Table 2 shows that we have not performed well on this point. The present situation suggests that from now on, our emphasis in the use of foreign capital will be on attracting direct foreign firm investment, particularly the investment of large transnational corporations and large financial groups. However, this does not mean turning over to direct investment the great task of readjusting the national economy. Foreign borrowing will continue to play a very big or even a key role.

Third is greater use of foreign borrowing in coordination with the introduction of direct investment. The scale of

China's use of foreign capital suggests that foreign borrowing is used mostly for large mainline projects, but direct investment goes mostly to medium-sized and small projects. One might say that this is a division of labor in the use of foreign borrowing and direct investment. This provides us an insight, namely that we should make use of this division of labor in the use of foreign borrowing and direct investment, concentrating foreign borrowing on large projects, and leaving most small projects to direct investment. Of course, this is not to say that we should let foreign borrowing monopolize large projects. If we can get large transnational corporations to invest, we might also give them some large projects. The division of labor between the two can still be coordinated. The key lies in policy guidance and coordination.

Finally is optimization of the methods and mechanism for using foreign capital. On the good or bad points of using foreign capital, the order of usage is securities, foreign debts, investments, and aid. Presently, because of the imperfect operational mechanism in the state-owned enterprises and because China does not have a high visibility in international commerce, this limits China in financing securities by directly tapping into the international capital market. Therefore, in utilizing foreign capital in the future, China should still focus on borrowing selectively and direct investment. Since it is a global trend to finance international securities, China should appropriately expand this usage of foreign capital when conditions are ripe and continuously optimize the ways of doing so.

## Agriculture

### Shandong's Agricultural Economy Grows

SK1304084795 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 12 Apr 95

[FBIS Translated Text] Shandong Province achieved great development in agricultural production in 1994. The total output value of agriculture, forestry, animal husbandry, and fishery first broke the record of 100 billion yuan and totalled 138.7 billion yuan, showing a 39.2 billion yuan increase over 1993. The average increased scale of their output value reached 17.57 percent and created a new record in history. Meanwhile, the structure among agriculture, forestry, and animal husbandry became increasingly rational. The growth of the agricultural economy accelerated and the increased volume was the largest since the founding of the PRC.

### Hainan To Build Farm Produce Wholesale Center

OW1204121395 Beijing XINHUA in English 0833  
GMT 12 Apr 95

[FBIS Transcribed Text] Haikou, April 12 (XINHUA)—The Chinese Ministry of Internal Trade has decided to set up a national farm produce wholesale market in Hainan Province to enable Hainan's tropical products to flow into major cities throughout China.



An official with the Hainan Provincial Commerce Department said that the market is designed to handle three million tons of farm and sideline products worth four billion yuan a year.

The official said that the would-be center will be connected via computer with the 400 wholesale markets all over China.

It will supply Hainan's tropical melons, vegetables and fruit, aquatic products, and flowers to the supermarkets and chain stores in other parts of the country, he added.

With regard to operation, the market will introduce the joint-stock system and a membership system for eligible wholesalers.

Local farmers harvest 1.9 million tons of tropical melons and vegetables from 105,000 ha of land, and 690,000 tons of tropical fruit from 57,000 ha of land a year. They also produce 520,000 tons of fish and other aquatic products annually.

The official expressed the belief that the market will spur the growth of Hainan's tropical agriculture, because less than one third of Hainan's tropical farm and sideline products are now shipped to the rest of China.



### East Region

#### Shandong's Zhao Gives Directive on Rural Economy

SK1304055895 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 12 Apr 95

[FBIS Translated Text] When carrying out investigation and study in Liaocheng Prefecture, Zhao Zhihao, secretary of the provincial party committee, pointed out: We should regard grain and cotton production as a focal point and expedite the development of primary, secondary, and tertiary industries simultaneously.

From 10 to 12 April, Zhao Zhihao, accompanied by responsible comrades of provincial level departments concerned, successively looked into some townships, towns, and villages in the counties of Chiping and Dong'e as well as in the city of Liaocheng. He had a heart-to-heart talk with peasants at the edges of fields.

When sitting on the edge of a field at Manyan village in Jining township in the city of Liaocheng, Zhao Zhihao carefully inquired about the per mu yield of grains and cotton and also asked whether peasants had been informed of the price increase in purchasing cotton. When peasants expressed that to build up their family fortune they still have to plant cotton crops, he felt relieved with laughing. When he met some cadres in the field where the cotton sowing operation with plastic sheet was being carried out, he encouraged the village cadres to pay attention to developing or strengthening the collective economy while doing a good job in planting grain crops and cotton, and to successfully engage in double business.

During his investigation and study tours, Zhao Zhihao also looked into the Chiping Fertilizer Plant; the Comprehensive Enterprise Group; the Liaocheng Power Plant; the Liaocheng Marshalling Station in charge of building the Beijing-Jiulong Railway; and the construction site of the Huancheng Lake development project. He fully acknowledged the work done by Liaocheng Prefecture.

Zhao Zhihao pointed out: It is imperative to firmly foster the concept of development and to consistently put the starting point of work on accelerating development. Either dealing with the contradictions and problems currently cropping up in the economy and society, or deepening reform and maintaining stability, require the acceleration of pace in development. Only by having the economy achieve development can we have a foundation in reform and opening up, maintain long-term stability, and deal with the many such contradictions and problems. To accelerate development, we must further emancipate our minds. Without the great emancipation of minds, it is impossible for us to take full steps in reform and opening up, and to achieve great developments in the economy. Localities whose economy have been more developed should do a lot in the economy,

must grasp the magic weapon, and should aim at the breakthroughs made in their ways of development. Efforts should be made to regard production of grains and cotton as a focal point; to expedite the development of primary, secondary, and tertiary industries simultaneously; and to pave a way of economic development that conforms with the local reality. It is necessary to continuously strengthen the collective economy, enhance the measures of services, assist difficult households and help the poor, to follow the way of commonly becoming wealthy.

Zhao Zhihao stressed: What is most important at present is to successfully grasp the production of grains and cotton. Efforts should be made to adopt every possible way and means to wrest for a bumper harvest of grains and cotton, and to enhance the measures for successfully conducting management over wheat fields. In line with the seedling situation, a good job should be done in conducting technical guidance. Efforts should be made to wrest a bumper harvest based on combating disasters, to enable the measures for increasing output to be effectively enforced in a timely manner, and to ensure a good harvest of summer grains. It is necessary to further publicize and implement the policy on cotton production and to bring into better play the enthusiasm of peasants in cotton production. A good job should be done in supplying fertilizer and agrochemicals as well as in making a great breakthrough in upgrading the per unit yield along with the drive of popularizing scientific and technological results this year.

Zhao Zhihao pointed out: We should vigorously learn from the typical deeds achieved by the advanced and model personages, and should uphold the principle of building the two civilizations simultaneously. The provincial party committee has put forward the double learning activities. The home town of Kong Fansen is in Liaocheng Prefecture. The country as a whole is launching the campaign of learning from Kong Fansen. Therefore, Liaocheng Prefecture should first learn well from him, and Shandong Province should also do a good job in learning from him. It is hoped the advanced deeds achieved by the model personages and learned in the campaign will be fulfilled to work and action.

#### Shanghai Becomes Largest Circuit Board Producer

OW1204141695 Beijing XINHUA in English 1140 GMT 12 Apr 95

[FBIS Transcribed Text] Shanghai, April 12 (XINHUA)—Shanghai has become China's largest integrated circuit board producer with its production output rising at an annual rate of 50 percent in recent years.

Statistics released by the Municipal Science and Technology Commission show that Shanghai now manufactures 32 million integrated circuit boards annually.

The local integrated circuit industry earned 600 million yuan from sales of such boards in 1994, more than double the figure in the previous years.

An official of the commission said that the growth of the industry has spurred the development of telecommunications and household electrical appliance industries. The sales volumes of the two industries surpassed 10 billion yuan each for the first time in 1994.

### Central-South Region

#### Guangxi Governor Marks Railway Completion

OW1204031195 Beijing XINHUA in English 0305  
GMT 12 Apr 95

[FBIS Transcribed Text] Nanning, April 12 (XINHUA)—After nearly a century of waiting, Beihai, a coastal city in Southwest China's Guangxi Zhang Autonomous Region, is now connected to the national railway network.

Governor Chen Kejie hammered in the last spike for the railway line, running between Beihai and Qingzhou, another coastal city in Guangxi.

Although ranking among the nation's 14 coastal open cities, Beihai was the only one not connected with the railway network, which seriously hampered local economic development.

Since China put emphasis on its Southwest as a strategic region for economic growth, Beihai has shown its importance as the seaport for the vast Southwest, and has attracted a great many talents and more than one billion yuan in construction funds.

Wang Qinglu, secretary of the municipal committee of the Chinese Communist Party, expressed confidence that "the new access to railway transportation will push local economic development to a higher stage."

Foreign businessmen who invested in the Beihai Shangri-La Hotel were just as optimistic, "The newly built railway will definitely benefit our hotel business a lot, and it make us more confident about our investment here," they were quoted as saying.

The manager of a local coal company noted that the new railway line will speed the transport of coal to Beihai harbor.

#### Hunan Committee Sacks Two Education Officials

HK1304102495 Hong Kong AFP in English 0839 GMT  
13 Apr 95

[FBIS Transcribed Text] Beijing, April 13 (AFP)—Two top provincial education officials in central China have been sacked for constructing a luxury residence for leading cadres with public funds, reports said Thursday.

The director of the Hunan provincial education commission, Ji Yigui, and his deputy Tian Weiqian, were both removed from their posts following a top-level discipline inspection committee inquiry, the reports said.

The living space of each apartment inside the residential building—built between 1992-93 for the commission's leaders—was way in excess of state-set limits, as were the standards of decoration, the inquiry said.

The final cost of the building was much higher than the original estimate.

The inquiry noted that the local education commission was short of funds, and that many teachers lived in crowded, poor conditions.

### North Region

#### Beijing Officials To Step-Up Corruption Fight

HK1204133295 Hong Kong AFP in English 1034 GMT  
12 Apr 95

[FBIS Transcribed Text] Beijing, April 12 (AFP)—In the wake of last week's suicide of a vice mayor accused of fraud, more officials in the Chinese capital have called for stepping up the fight against corruption.

Wang Daming, chairman of Beijing's Chinese People's Political Consultative Conference, stressed the need to "shout loudly" the importance of working hard and opposing extravagance, the Beijing Evening Post reported Wednesday.

"It is of important and strategic significance for us to encourage people to work hard and build socialist spiritual civilisation and change the unhealthy tendency of society," Wang told a meeting of the advisory body that was called to discuss the worsening problem of extravagance in Chinese society.

"On the issue of hard work, the people watch what party members do and party members watch what cadres do," he said. "The example set by those in power is very important. It not only affects development today but will also affect the development of the next generation."

The official's call follows the April 4 suicide of Wang Baosen, an executive vice mayor who was under investigation for fraud.

The secretaries of Beijing communist party boss Chen Xitong, Mayor Li Qiyang and Vice Mayor Zhang Baifa are also said by Chinese sources to have been detained recently over a bribery enquiry.

Also Wednesday, the People's Court News quoted the vice president of the Supreme People's Court, Gao Cangli, as stressing recently the importance of dealing harshly with serious corruption cases involving senior officials.

China's courts "must continue to grasp well serious cases of corruption, especially economic crimes of embezzlement and bribe-taking above county head and section chief level," Gao told a meeting of court officials.

Close attention must also be paid to cases that harm public security or disrupt economic reform, he said.

This "will fully demonstrate the important role of the people's courts in defending stability, fighting corruption and promoting reform of the economic system and serving economic construction with legal means," he added.

The reports Wednesday followed calls Monday by Beijing party chief Chen to wage a fight against corruption "without pity," saying a very small number of officials had "let themselves be tainted by bourgeois thoughts and lifestyles."

**Hebei's Report on Economic Development Plan**  
*SK1304045395 Shijiazhuang HEBEI RIBAO in Chinese 5 Mar 95 p 3*

[Report given by Gong Huanwen, director of the Hebei Provincial Planning Commission, on implementation of Hebei Province's economic and social development plan for 1994 and on its draft economic and social development plan for 1995 at the third session of the eighth provincial people's congress on 20 February]

[FBIS Translated Text] Fellow deputies:

Entrusted by the provincial people's government, I now deliver a report on implementation of the Hebei Provincial economic and social development plan for 1994 and on its draft economic and social development plan for 1995 to this session for its discussion. Members of the provincial committee of the Chinese People's Political Consultative Conference and others attending as non-voting delegates are also asked to offer opinions.

**1. Implementation of the 1994 Plan**

Under the leadership of the provincial party committee and government, the people throughout the province firmly aimed at the goal of building an economically strong province to conscientiously implement the basic guiding principle of "seizing the opportunity, deepening reform, opening wider, promoting development, and maintaining stability" in 1994; correctly handled the relationship between reform, development, and stability; strengthened and improved macroeconomic regulation and control; maintained a sustained, rapid, and healthy development trend in the economy; and fulfilled or overfulfilled the major economic and social development targets decided at the second session of the eighth provincial people's congress. Hebei's gross domestic product totaled 213 billion yuan, up 15.1 percent from the preceding year, and up 4.1 percentage points from the planned quota, thus realizing the second 100-percent increase six years ahead of schedule. Translated, the added value of the primary industry came to 45.2 billion yuan, an increase of 11.8 percent over the preceding year and an increase of 7.8 percentage points over the planned quota; the added value of the secondary industry was 102.5 billion yuan, an increase of 16.8 percent over the preceding year and an increase of 2.8 percentage points over the planned quota; and the added

value of the tertiary industry stood at 65.3 billion yuan, an increase of 14.4 percent over the preceding year and an increase of 0.4 percentage points over the planned quota.

A good harvest was reaped in agriculture, and the rural economic plan was fulfilled comprehensively. Grain output totaled 25.235 million tonnes, 1.735 million tonnes over the planned quota and 6 percent over the preceding year, thus setting an all-time high. Cotton production picked up substantially with the output totaling 390,000 tonnes, 40,000 tonnes over the planned quota and 100 percent over the preceding year. The output of oil-bearing crops totaled 1.068 million tonnes, 268,000 tonnes over the planned quota and 32.6 percent over the preceding year; meat output totaled 2.462 million tonnes, 562,000 tonnes over the planned quota and 32.5 percent over the preceding year; and the output of aquatic products was 317,000 tonnes, 68,000 tonnes over the planned quota and 27.3 percent over the preceding year. Township enterprises maintained a rapid development trend. Their output value totaled 255.3 billion yuan, up 48.9 percent from the preceding year (in terms of current prices), and the taxes they paid totaled 4.2 billion yuan, up 24.3 percent, both surpassing the planned quotas. Peasants' per capita net income was 1,107 yuan, 207 yuan over the planned quota and 8.2 percent over the preceding year when allowing for price rises, the largest annual increase.

The industrial production plan was carried out fairly successfully, and the overall economic efficiency improved steadily. The added value of the entire industry was 90 billion yuan, up 16 percent from the preceding year, thus realizing the planned growth rate. The added value of the industrial enterprises subject to independent accounting at and above the township level was 61 billion yuan, up 13.5 percent; the profits and taxes they delivered totaled 19.81 billion yuan, up 21.2 percent; the deficits of state-owned large and medium-sized enterprises totaled 1.13 billion yuan, down 25 percent in terms of comparable standards; and the general index of economic efficiency reached 99.3 percent, up 4.5 percentage points from the preceding year. This way, we fulfilled the goal of "three increases, one decrease, and one improvement" in an all-around manner. The output of 32 of the 36 major industrial products listed in the provincial plan reached or surpassed the planned quotas.

A steady increase was seen in the investment in fixed assets, and key construction projects were accomplished comprehensively according to plans. The investment in fixed assets made by the entire society came to 71 billion yuan, 10 billion yuan over the planned quota and 31.4 percent over the preceding year. Of the total, 40.78 billion yuan was invested by state-owned units, 5.88 billion yuan over the planned quota and an increase of 38.1 percent. In the investment made by state-owned units, 28.23 billion yuan was invested by local state-owned units, of which 14.84 billion yuan was invested in



capital construction, up 2.14 billion yuan from the planned quota and up 46.1 percent from the preceding year; and 9.47 billion yuan was invested in technical transformation, up 970 million yuan from the planned quota and an increase of 30.6 percent. An investment totaling 11.84 billion yuan was raised from various quarters to continue and newly start 142 key projects. The amount was 2.13 billion yuan above the planned quota. Forty-two of these key projects, including the No. 2 generating unit of the Xibaipo Power Plant, the No. 1 berth of Jingtang Harbor, the catalytic cracking equipment of the Shijiazhuang Oil Refinery, the liquid crystal display project of the Jiya Electronic Company Limited, the caustic soda transformation project of the Fuyang Chemical Industrial Plant, and some single-item projects, were all completed according to the schedule, thus creating some new production capacity.

The implementation of the budget was normal, and the monetary situation continued to improve. Hebei's revenue totaled 18.21 billion yuan, equivalent to 106.1 percent of the adjusted budget. Of this, local revenue was 9.48 billion yuan, equivalent to 119.2 percent of the budget. At the end of the year, savings deposits in all the monetary organizations of the province totaled 190.51 billion yuan, an increase of 47.48 billion yuan over the figure at the beginning of the year and an increase of 30.48 billion yuan over the planned quota, marking the largest annual growth. Loans totaled 175.5 billion yuan at the end of the year, an increase of 29.47 billion yuan over the figure at the beginning of the year and an increase of 6.47 billion yuan over the planned quota.

Market construction proceeded fairly rapidly, and the markets for consumer goods remained brisk. According to initial statistics, Hebei invested 1.35 billion yuan in building markets last year, building, renovating, and expanding 184 markets of various categories to increase the number of country fairs to 4,200, the markets for means of production to 319, and the markets for various essential elements of production to 214. Hebei's markets were thriving, goods supplies were ample, and both purchases and marketing were brisk. The retail sales of consumer goods totaled 64.95 billion yuan, equivalent to 110.7 percent of the planned quota and up 32.2 percent from the preceding year.

Exports were carried out according to the plan, and the scope of foreign capital we used was expanded. Inspired by the reform of the foreign trade system, Hebei created a best record in exports in recent years. Exports totaled \$2.52 billion, \$400 million over the planned quota. Of the total, the exports through ordinary trade, the three types of foreign-funded enterprises, and barter trade came to \$2.11 billion, \$280 million over the planned quota and an increase of 32.6 percent. The trend in using foreign capital was good, and last year's actual foreign capital input was \$737 million, equivalent to 122.8 percent of the planned quota and an increase of 52.2 percent over the preceding year. Of the total, direct foreign investment stood at \$523 million, an increase of 46.5 percent.

Scientific and technological undertakings as well as education were strengthened continuously, and all social undertakings witnessed all-around development. Hebei scored 120 scientific research achievements up to the advanced domestic levels, exceeding the planned quota by 20 percent, of which 30 were up to the advanced world levels. The province also built four new key laboratories. Organizations for technology trade increased to 3,500, up 500 from the planned quota; and 387 high- and new-tech enterprises were designated, up 37 from the planned quota. Ordinary schools of higher learning took in 34,000 new students, fulfilling the state-assigned enrollment plan, and the total number of their students showed an increase of 12.8 percent over the preceding year. Ordinary secondary specialized schools took in 80,000 new students, equivalent to 103.9 percent of the planned quota, and their students increased by 26 percent. Forty counties (cities) and districts throughout the province made the nine-year compulsory education universal, and the number of vocational training centers increased to 100 in the province. Hospital beds grew by 2,000 over the preceding year. Hebei's athletes won 45 gold medals at important competitions at home and abroad. Hebei's natural population growth was 8.43 per thousand, which was 2.42 permillage points lower than the planned target. Cultural, press, publication, radio and television, and tourist undertakings all made new headway.

Judging from the general situation, the 1994 provincial economic and social development plan was carried out successfully, and many important indicators, such as gross domestic product, per capita gross domestic product, grain output, peasants' per capita net income, fixed asset investment, and program-controlled telephone exchanges, were promoted to new heights, thus laying a good foundation for building an economically strong province. We should also note, however, that the quality of Hebei's economic operation was not high, and some contradictions and problems still existed in the process of implementing the plan.

First, the price increase far exceeded the planned quota, and the situation in inflation remained grim. Hebei's prices remained high throughout 1994, and the annual growth rate of retail commodity prices reached 21.4 percent. The large price rises were caused by numerous reasons, such as the adjustments of the prices for primary products and services and the inordinately large increase of consumption funds, as well as the chaos in the order of commodity circulation, weak macroeconomic regulation and control, the market management which failed to catch up, and spontaneous price rises.

Second, agricultural input failed to meet the actual needs, and agriculture remained a weak link in the national economy. While substantially increasing the funds in support of agriculture at the provincial level last year, we adopted all means possible to win 788 million yuan from the state to support agriculture by providing



work as a form of relief and by supporting the production of large grain and cotton growing counties. However, due to many years of default on agricultural investment, basic farmland water conservancy facilities were aging and out of repair, making us unable to fundamentally solve the problem of decrease in production when disasters occurred.

Third, the growth rate of state-owned industries remained low, and their economic efficiency was not good enough. In 1994, the added value of Hebei's state-owned industrial enterprises showed an increase of 5.8 percent over the preceding year (including the state-owned enterprises whose shares were controlled by the state and those which transformed their mechanism), which was lower than the normal level they should have reached. At the end of 1994, 597 local budgetary industrial enterprises in the province were operated in the red, increasing by 107 over the preceding year and accounting for 31 percent of the total; and their deficits were as high as 1.09 billion yuan. This mainly resulted from the sluggish progress in the reform of state-owned enterprises and in the adjustment of industrial composition and product mix, the increase in the funds tied up by stockpiled manufactured goods, and the weak capacity in coping with market changes.

Fourth, the export-oriented rate of our economy remained low, which was extremely incompatible with Hebei's status as a coastal province. Despite the substantial increases registered in Hebei's 1994 total exports and actual foreign capital input, they accounted for merely about two percent of the nation's total. The proportion of foreign trade in Hebei's economy was over 10 percentage points lower than the national average, ranking Hebei among the lowest in coastal provinces and municipalities.

Some of the above-mentioned problems were problems accumulated over many years, others cropped up in the process of rapid economic development and transformation of systems, and still others were caused by work. We conducted conscientious study of these problems and came up with some corresponding policy measures to address them when arranging the annual plan.

## **2. Major Work Tasks and Macroeconomic Regulating and Control Targets of the 1995 Plan**

The year 1995 is the last year for implementing the Eighth Five-Year Plan and also the base period for the Ninth Five-Year Plan. A success in this year's economic plan bears an important significance in comprehensively fulfilling the Eighth Five-Year Plan and in laying a good foundation for still faster development in the Ninth Five-Year Plan period. Based on the guiding principles and overall arrangements of the central authorities and the provincial party committee and government for economic work, the major work tasks of the 1995 plan of Hebei are to achieve a basic balance between the total supply and total demand, conscientiously increase the supplies of essential products, control the inordinately

large increase of consumption funds, and resolutely curb inflation; to continue to put agricultural development in the first place of economic work, increase agricultural investment, strengthen and consolidate the position of agriculture as the foundation, and ensure the steady growth in basic farm products and a notable increase in peasants' income; to take improvement of economic efficiency as the central task, give full play to the role of the industrial policy as the guide, accelerate structural adjustment, fully tap the potential of the existing enterprises, and strive to upgrade the quality and efficiency of economic growth; to properly increase the investment in fixed assets, concentrate efforts to build key construction projects, accelerate construction of infrastructural facilities and basic industries, and enhance the capacity for sustained economic development; to expedite the implementation of the strategy of promoting all work through the export-oriented economy, use foreign capital in an active and effective manner, further expand foreign trade, and make the economy more export-oriented; and to continue to strengthen and improve macroeconomic regulation and control and, while developing the fundamental role of the markets in the distribution of resources, adopt various means in an all-around manner to enhance the capacity for macroeconomic regulation and control, keep the increase in gross domestic product higher than the national average, and attain sustained, rapid, and healthy economic development.

In compliance with the requirements of the above-mentioned tasks, the major planned targets of Hebei's 1995 macroeconomic regulation and control are as follows:

A. Economic growth rates: The gross domestic product will be increased by over 11 percent, and efforts will be strived for a 14-percent increase. A 5-percent increase in the primary industry will be ensured while striving for a 6-percent increase; a 14.2-percent increase in the secondary industry will be ensured while striving for a 17-percent increase; and a 14-percent increase in the tertiary industry will be ensured while striving for a 15-percent increase.

B. Investment in fixed assets: Investment made by the entire society in fixed assets totals 90 billion yuan, up 26.8 percent from the preceding year, and the investment rate reaches 34.6 percent. Of the total, the investment made by state-owned units is 49.7 billion yuan, up 21.9 percent, that by collective units 22.8 billion yuan, up 30.9 percent; and that by individual units 15.2 billion yuan, up 34.5 percent.

C. Revenue and banking: Hebei's revenue totals 19.4 billion yuan, up 6.5 percent from the preceding year; of which 10.28 billion yuan is local revenue, up 8.4 percent. Savings deposits of monetary organizations increase by 40 billion yuan to reach 230.5 billion yuan; and loans increase by 30 billion yuan to reach 205.5 billion yuan.

D. Foreign economic relations and trade: Actual foreign capital input is \$950 million, up 28.9 percent from the

preceding year; of which \$700 million is direct foreign investment, up 33.8 percent. Exports total \$3 billion, up 19 percent from the preceding year; of which the exports through ordinary trade, the three types of foreign-funded enterprises, and barter trade total 2.53 billion yuan, up 20 percent, which is higher than the national average growth.

**E. Market prices:** Retail sales of consumer goods total 78 billion yuan, up 20 percent from the preceding year. Retail price increases are brought down notably from last year's level and are kept at about 13 percent, which is lower than the national average.

**F. Science, technology, and education:** Scientific and technological research plans total 500, 12 new plans for tackling major scientific and technological difficulties are started, and 15 are completed; 10 new industrial experimental projects are started; and 50 advanced and applicable technological achievements are disseminated. Ordinary schools of higher learning enroll 34,000 students, and ordinary secondary specialized schools enroll 80,000 students.

**G. Social undertakings:** Natural population growth is kept within 11.4 per thousand. Peasants' per capita net income is increased by 19 percent over the preceding year, and urban people's per capita cost of living income is increased by about 17 percent. Land developed for nonagricultural construction purposes is kept within 220,000 mu, of which 110,000 mu is cultivated land; and 900,000 mu of land is developed, of which 90,000 mu is arable land.

Following the above-mentioned arrangements, we expect to fulfill or overfulfill 58 of the 70 major targets listed in the adjusted Eighth Five-Year Plan, which was discussed and approved at the first session of the eighth provincial people's congress. Hebei's gross domestic products will reach 260 billion yuan or more (in terms of current prices), showing an average annual increase of 13.1 percent in the five years and exceeding the planned quota by 3.1 percentage points. The accumulated investment made by the entire society in fixed assets will reach 272.6 billion yuan, exceeding the plan by 99.1 billion yuan; and the average investment rate will be 32.6 percent, exceeding the plan by 2.6 percentage points. Among the 261 key construction projects arranged for the Eighth Five-Year Plan period, 167 are expected to complete and go into operation by the end of the year, and 94 will be continued during the Ninth Five-Year Plan period. Hebei's revenue will stand at 19.4 billion yuan, 7.4 billion yuan over the adjusted quota. Actual foreign capital input in the five years will total \$2.63 billion, exceeding the plan by \$1.23 billion. The annual exports will be \$3 billion, of which \$2.53 billion will be the exports through ordinary trade, the three types of foreign-funded enterprises, and barter trade, up \$650 million and \$530 million, respectively, from the planned quotas. Among the output targets for 28 major industrial and agricultural products listed in the Eighth Five-Year

Plan, 20 will be fulfilled or overfulfilled, and the remaining eight, including cotton, yarn, cloth, small tractors, and television sets, will not due to restrictions of resources and markets. The average annual natural population growth of the five year will be 9.57 per thousand, 3.91 permillage points lower than the planned quota. The total number of students at ordinary schools of higher learning will reach 101,000, exceeding the planned quota by 2,000. Key projects to tackle scientific and technological difficulties will number 115, an increase of 39 over the planned quota. Most of the social development targets listed in the adjusted Eighth Five-Year Plan will be fulfilled or overfulfilled, thus greatly enhancing Hebei's economic strength and laying a solid foundation for Hebei to achieve better and faster economic and social development in the Ninth Five-Year Plan period, to bring about a moderately prosperous life to all its people by the end of this century, to attain the 700-percent increase in gross domestic product, and to build itself into an economically strong province.

### **3. Several Work Priorities To Be Attended to for Accomplishing the 1995 Plan**

**A.** When arranging the plan, we should regard control of the inordinately large price increase as the central link and resolutely curb inflation. First, we should achieve an overall balance between total supply and total demand and between the proportions of major sectors. In line with the principle of maintaining a basic balance between total supply and total demand, we should balance and coordinate the major macroeconomic targets, such as economic growth rates and proportions of major sectors; and should employ economic policies and economic levers comprehensively to coordinate the various means of macroeconomic regulation and control so as to pool efforts and reflect the government's policy guidance and expectations. At present, support should be provided particularly to the production of major farm products, such as grain, cotton, and oil-bearing seeds, and to the "vegetable basket" project in order to increase the effective supplies of such basic farm and sideline products as meat, eggs, vegetables, milk, and aquatic products. Meat output is planned at 2.6 million tonnes, an increase of 5.6 percent over the preceding year; and aquatic product output 300,000 to 350,000 tonnes, an increase of 10.4 percent when it reaches 350,000 tonnes. Second, we should work out plans for market construction, standardize market behaviors, formulate reserve plans, and strengthen the reserves of important materials so that they can be distributed in a timely manner to stabilize prices and to ensure the healthy and order operation of the markets. In addition to the reserves of grain, edible oil, pigs, edible sugar, and pesticides, we should also increase the reserves of chemical fertilizer. Third, we should bring down the inordinately large increase of consumption funds. We should conduct further research on income distribution policies, conscientiously strengthen cash management, actively guide the use of funds while ensuring the steady increase in urban and rural people's income, and rationally arrange



the use of consumption funds in order to reduce the pressure of inflation and to keep the annual price increase notably lower than last year's and lower than the national average.

B. We should conscientiously do a good job in adjusting the industrial composition and upgrade the quality and efficiency of economic growth. Above all, agriculture should be strengthened when restructuring the industry. This year, we should regard it as an important task to increase agricultural investment and plan for it. One the one hand, we should strive for state funds for building basic water conservation facilities, for building marketable grain bases and large grain and cotton growing counties, and for providing work as a form of relief in the development of poverty-stricken areas; should continue the early-stage preparations for the project of diverting water from south to north; should accelerate construction of the Taolinkou Reservoir; and should achieve success in the "vegetable basket" project carried out in the areas around the national capital and in the project of increasing grain output by 10 billion jin. On the other hand, we should adopt every means possible to use local financial and material resources, enforce the "Hebei Provincial regulations on agricultural investment," and increase agricultural input. We should, in particular, increase the investment in water conservation facilities, marketable grain bases, comprehensive agricultural development, and agricultural science and technology in order to reinforce basic agricultural facilities and farmland water conservation facilities. This year, Hebei plans to develop and improve 4.81 million mu of irrigated area to enhance the capacity for resisting natural disasters to agriculture. Meanwhile, we should conscientiously organize and formulate the plan for farmland protection zone and do a good job in land development and reclamation to expand the acreage of effective cultivated land. We plan to plant over 100 million mu of grain and reap an output of over 25 million tonnes; to plant 10 million mu of cotton and reap an output of 400,000 tonnes; and to increase the output of oil-bearing crops to over 1 million tonnes. We should do a good job in restructuring crops, actively develop diverse production, and increase the proportion of high-yield, good-quality, and high-efficient agriculture. We will greatly disseminate the technology applicable to agriculture and plan to increase the acreage sown to fine seeds to 92 percent and the contribution of agricultural science and technology to about 40 percent. Support to the development of township enterprises will be continued in order to absorb rural surplus labor forces. The plan arranges an increase of 30 percent in the business income of township enterprises over last year, an increase of 20 percent in their tax payments, and an increase of 40 percent in the value of their goods delivered for exports.

In the restructuring of industry, emphasis should be placed on five aspects. First, we should formulate and improve special plans and further improve the special

plans for the development of electric power, metallurgical, machinery, electronic, automobile, textile, communications, and transportation industries to guide and promote the optimal distribution of resources and the rational layout of productive forces. Second, based on "investigation and study conducted by 100 specialists," we should finish restructuring the different industries in the first half of this year, adjust the "dragon-tiger" plan [building 20 processing industry enterprise groups producing brand-name and highly competitive products and 50 technologically advanced, good-quality, and highly efficient large backbone enterprises by the end of the Ninth Five-Year Plan period—FBIS] on this basis, and make a success in implementing this annual plan. Third, we should strengthen the work related to industrial policy. This year, we should work out and issue a new catalogue concerning the adjustment of industrial products, which will clarify the industries and products to be supported or limited, and should adopt effective measures to restrict the low-quality and duplicate construction projects. In line with the principle of developing our advantages to the full, we should promote the strategy of good-quality enterprises and brand-name products and select 100 superior enterprises to implement the "three-improvement and one acceleration" project. We should exert great efforts to adjust product mix and strive to develop 1,000 new products at and above the provincial level in the year. Fourth, while continuing to consolidate and improve the existing enterprise groups, we should establish three to five large provincial-level enterprise groups to expedite the restructuring of enterprise organization. Fifth, we should speed up the development of the nonstate-owned sectors of the economy. This year, we should organize relevant departments to conduct investigation and study and, based on this, formulate Hebei's plan for the development of the nonstate-owned economies. We should study and put forward policy measures for supporting and guiding the development of the collective, individual, private, and foreign-funded economies, promote the development of the nonstate-owned sectors, and rationalize the ownership structure. Through the above-mentioned measures, Hebei should strive to attain the goal of "three increases, two reductions, and one improvement." That is, it should ensure a 14-percent increase and strive for a 17-percent increase in the added value of the entire industry, of which a 12-percent increase should be ensured and a 15-percent increase should be strived for in the added value of the industrial enterprises at and above the township level which practice independent accounting; ensure a 15-percent increase and strive for a 22.5-percent increase in the profits and taxes paid by the industrial enterprises at and above the township level, which practice independent accounting; ensure a 22.5-percent increase or more in state-owned enterprises' investment in technical transformation, of which a 21.5-percent increase should be ensured in local state-owned enterprises' investment in technical transformation; ensure a reduction of 15 to 20 percent in the deficits of state-owned industrial enterprises; ensure a reduction of two to three days in the



marketing period for the manufactured products of the industrial enterprises at and above the township level, which practice independent accounting; and ensure an increase of one percentage point and strive for an increase of two percentage points in the overall economic efficiency index of the industrial enterprises at and above the township level, which practice independent accounting. Output for 31 of the 39 industrial products listed in the provincial plan are expected to register an increase, and five to maintain the same levels.

C. We should exert great efforts to implement policy measures to promote the tertiary industry. First, we should study and formulate preferential policies to encourage the development of the tertiary industry. We should conscientiously organize the implementation of the "opinions of Hebei Province on accelerating the development of the tertiary industry in 1995" and, while strengthening the management of ordinary service trades, give collective, private, and individual enterprises a free hand to develop the tertiary industry, and encourage the laid-off personnel of government offices and institutions, urban employed people, and peasants to develop the tertiary industry in cities. The competition mechanism should be applied to banking, foreign trade, insurance, and other trades to accelerate their development. We should adopt measures to promote the separation between the secondary and the tertiary industries, actively encourage the "superior enterprises engaged in the secondary industry to enter the tertiary industry," and make the best use of the real estate, equipment, and trained personnel of the enterprises engaged in the secondary industry to develop the tertiary industry. Following the idea of "developing industry, developing agriculture, and developing the market according to market demand," we should continue to improve the commodity markets, with a focus on markets for such consumer goods as grain, meat, poultry, eggs, and vegetables; and should particularly develop the market for the essential elements of production, such as money, technology, labor forces, and talents. We plan to renovate and expand some country fairs and to increase the number of those whose annual transactions exceed 100 million yuan to 100; and plan to accelerate construction of the markets for means of production and to complete building, renovating, and expanding 30 national and regional markets for means of production, such as the Hebei Provincial industrial product sales and exhibition market, the Shijiazhuang city material mansion, and the Xingtai city means of production exchange market. Third, in coordination with the establishment of the modern enterprise system, we should improve urban workers' old-age insurance and unemployment insurance and actively facilitate the experiment with the medical, industrial injury, and women workers' child-bearing insurance to expand social insurance coverage. Fourth, we should accelerate the development of information service, consulting service, lawyers' offices, accountants' offices, market intermediary organizations, and other burgeoning trades. Fifth, we should further

deepen the reform of the circulation system, rectify the circulation order, and curb inflation. We should strengthen market management, standardize market order, and strictly implement the system to supervise and examine the prices of basic daily necessities and service charges. Sixth, we should raise funds from various channels to invest more in the tertiary industry. Through the above-mentioned measures, we should undertake to increase the proportion of the tertiary industry in the gross domestic product to over 32 percent and attain the development goals defined in the "Hebei outlines of economic development" for the Eighth Five-Year Plan period.

We should continue to promote the close integration of science, technology, and education with economic construction and speed up the development of all social undertakings. We should greatly develop high and new technology and related industries, with a focus on implementing the 50 projects for industrializing high and new technology and on the demonstration of 10 industrial experimental projects. Centering on economic construction, we should select a number of key technological difficulties requiring urgent solutions and organize personnel to tackle them. We should provide coordinated support for 20 selected large enterprises with fairly strong competitive edges to tackle technological difficulties and to conduct technology development, import, and transformation. We should continue to deepen the reform of the educational system and further intensify elementary education. We plan to make the nine-year compulsory education universal in another 25 counties (cities, districts). We should greatly develop vocational and technical education and build 39 county comprehensive vocational education centers. We should actively carry out the plan for the adjustment and merging of schools of higher learning to create favorable conditions for Hebei University and Hebei Institute of Engineering to be included in the state's "211" project. We plan to enroll 34,000 students to ordinary schools of higher learning and 80,000 students to ordinary secondary specialized schools. We should increase educational investment to improve teaching facilities. We should expedite the implementation of the "comfortable living project for teachers." We plan to build 53,000 square meters of houses for the senior teaching and administrative staff of schools of higher learning and 200,000 square meters of houses for the teachers and workers of urban primary and middle schools. We should substantially increase the income of urban and rural people and continue to improve their living standard. We should actively develop cultural, public health, sports, tourist, and other social undertakings and strive to make a success of environmental protection. We should make unremitting efforts in family planning to ensure that Hebei's natural population growth is kept within the planned quota.

D. We should arrange the scale of investment in fixed assets in a reasonable manner and conscientiously ensure

the success of key construction projects. While continuing to arrange the construction of basic industries, such as agriculture and transportation, telecommunications, energy, and raw material industries, and the construction of infrastructural facilities in 1995, we should particularly intensify the technical transformation of the existing enterprises, increase investment in the projects of high technological level and high additional value, and concentrate efforts on the construction of a number of key projects that conform to the state's industrial policy and that help in adjusting Hebei's industrial composition and product mix, in promoting enterprises' technological progress, and in enhancing our economic strength. In the investment in state-owned units, we plan to invest 34.5 billion yuan in local state-owned units, an increase of 22.2 percent; of which 11.5 billion yuan will be invested in technical transformation, an increase of 21.5 percent. In the capital construction investment listed in the provincial-level financial budget, the investment in agriculture will increase by 6 percent as compared with the preceding year; and that in science and education will increase by 28.6 percent. We plan to arrange 52 large and medium-sized capital construction projects and 19 technical transformation projects whose investment exceeds the state-stipulated norms; arrange 128 key construction projects, of which 113 are continued projects and 8 are new projects; and complete 35 projects (including single-item projects), mainly the no. 8 generating unit of the Matou Power Plant, the no. 1 generating unit of the Hengshui Power Plant, the no. 4 generating unit of the Shalingzi Power Plant, the no. 3 generating unit of the Qinhuangdao Power Plant, the Shijiazhuang-Taiyuan highway, the program-controlled telephone project, the light car renovation of the Baoding Automobile Plant, the VC [expansion unknown] project of the Shijiazhuang First Pharmaceutical Factory, and the provincial color television center. Upon completion, these projects will help increase the power generating capacity by 1.124 million kilowatts, the program-controlled exchange capacity by 500,000 lines, the cold-rolled and hot-rolled steel production capacity by 308,000 tonnes, the light car production capacity by 30,000, and the VC production capacity by 3,000 tonnes.

To accelerate construction of key projects, we should achieve success in the following work this year. First, we should adopt every means of raising construction funds. We should actively coordinate with banking departments to win more credit from the state and strive to enable more of our key construction projects to be listed in the state's credit plan. We should exert great efforts to help banks at all levels collect overdue loans and clear up irrational use of funds to enliven the use of the funds in stock. We should fully develop the fund-raising function of the provincial construction investment company and the International Trust and Investment Corporation. This year, the former should strive to raise 2 billion yuan and the latter should strive to raise 500 million yuan in construction funds. We should actively facilitate the

shareholding-oriented transformation to broaden the channels for raising funds. While continuing to use more foreign capital, we should increase efforts to bring in funds from other provinces and municipalities. We plan to bring in 2.6 billion yuan from other provinces. Second, we should conscientiously examine the on-going projects to optimize the investment pattern. We should conduct conscientious examination and suspend or postpone all projects which are incompatible with the state's industrial policy, which lack the conditions for construction, whose funds are not guaranteed, and whose market prospects are not clear, so that funds can be concentrated on key projects and the projects about to be completed and commissioned, so that investment returns can be improved. Third, we should continue to strengthen leadership over the construction of key projects and adhere to the on-the-spot work system, the regular management meeting system, and the regular information feedback system, so that we can coordinate to solve in a timely manner, the problems emerging in the process of construction and speed up the progress of construction. Fourth, we should give better play to the role of the management offices stationed in Beijing and achieve success in the preparations for key projects. Preparations should be continued for projects provided with the necessary conditions to start construction or to start planning ahead of schedule, and active efforts should be made to win early state approvals for their construction or their planning ahead of schedule. Regarding the projects already or about to be listed on the planning board, persons in charge should be designated and work progress defined, and letters of suggestions or feasibility study reports on these projects should be screened and approved so that substantial progress can be made.

E. We should further expand the use of foreign capital and make Hebei's economy more export-oriented. We should regard the use of foreign capital as a strategic task of our planning. In view of the current new trends in foreign investment in the PRC, especially the investment made by large corporations and large consortia in foreign countries and outside the border, Hebei this year should continue to focus foreign investment on the construction of electric power, highway, telecommunications, and other infrastructural facilities; on enterprises' technical transformation; and on projects that help upgrade the technological level and added value of products. We should select a number of projects already completed and commissioned and a number of projects under construction, use their assets in stock as shares to bring in funds from abroad, and speed up their construction so they will yield benefits at an early date. We should give particular attention to the 20 large projects that use over \$30 million of foreign capital each, including the early-phase work for such key projects as the Hanfeng Power Plant; the Xibaipo Power Plant; the Beijing-Qinhuangdao Expressway; the Baoding Bada diamond project; and the construction of projects for which contracts have been signed, such as the Qinhuangdao Qianye cement project, the Shijiazhuang color casing



[cai ke 1752 8199] project, the Shijiazhuang caprolactam project, the Shijiazhuang-Anguo Expressway, and the Cangzhou TDI [expansion unknown] project. Supporting conditions should be provided to these projects, and foreign capital input should be urged to speed up their construction. Meanwhile, conscientious efforts should be made to plan the development of the export-oriented economy for the over 30 counties (cities) located within the 100-km area surrounding Beijing and Tianjin; to depend on foreign strength to accelerate the construction of city economic zones; and to start building the new economic growth belts along the Beijing-Kowloon railway. We should further strengthen macro management over the use of foreign capital, study and formulate the industrial policy guiding foreign investment, closely coordinate the use of foreign capital with the adjustment of the industrial composition and product mix and with the reform of enterprise systems, and strive to avoid random imports. We should actively provide support to the construction of export bases, greatly develop export-oriented products that have high added value and can earn much foreign exchange, and make sure Hebei's export growth rate continues to be higher than the national average.

F. We should expedite the reform of the planning and investment systems as well as give full play to the role of state plans in giving overall guidance and conducting comprehensive coordination in macroeconomic regulation and control. The focus of the 1995 reform of the planning system is to establish and improve the system for macroeconomic regulation and control over important economic and social activities; to establish and improve the system for planned targets; to establish and improve the system for the planned targets of the distribution of government public funds and resources; and to standardize and improve the system of reports on plans so that economic plans can fully become guiding and comprehensive policies. Meanwhile, we should establish a system of joint meeting led by the provincial planning commission and participated in by relevant departments directly under the province to analyze the macroeconomic situation; improve the provincial economic information system; conscientiously strengthen the tracking, monitoring, warning, and analysis of economic situation; devote more efforts to the analysis and study of the hot issues and difficulties in economic operation; and employ various economic levers comprehensively to strengthen the spot regulation and control over economic operation.

In the reform of the investment system, we should do the following: First, we should establish responsibility for the risks of the investment made by legal persons and strengthen the mechanism to restrict investment risks. Second, we should apply different investment measures to different projects and different fields of investment. Regarding the construction of competitive projects, we should allow enterprises to make their own decisions, bear the risks, and raise funds mainly from commercial banks through the market. Regarding the construction of

basic projects, we should encourage the various major investors, including enterprises, to invest and give full play to the role of the provincial construction investment company and the International Trust and Investment Corporation as the money-lending mainstay. Regarding the construction of the projects for public welfare, it should be arranged mainly by the government with its financial allocations in addition to the funds raised from various circles of society. Third, we should establish the investment project report and registration system. Fourth, we should improve the management of the fixed asset investment of the entire society; comprehensively employ economic levers such as taxes, financial subsidies, interest-deducted loans, and economic policies to guide the use of investment; adjust the investment pattern; raise investment benefits; and ensure the implementation of the industrial policy.

While making efforts to fulfill the various tasks defined in the annual plan this year, we should also increase the formulation of the Ninth Five-Year Plan and the long-term plan for the period until 2010 and make necessary preparations for entering the Ninth Five-Year Plan period. We should focus on three aspects of work. First, we should conduct studies of the opinions on special plans, plans for key industries, and regional plans. Second, we should succeed in connecting the Eighth Five-Year Plan with the Ninth Five-Year Plan. Third, we should study and appraise the basic ideas and outlines of the plans; strive to complete drawing up the initial drafts in the third quarter of this year; organize specialists to appraise and further modify and improve them; submit them at an opportune moment to the provincial party committee and government for their study; and prepare for submitting them to the people's congress for discussion next year.

Fellow deputies! We are faced with very heavy tasks for reform and development and need to do a lot of work in the new year. Under the leadership of the provincial party committee and government, as long as we conscientiously implement the guidelines of this session and unify our thinking and steps and work in a down-to-earth manner, firmly centered on the goal of building an economically strong province, Hebei's 1995 economic and social development plan will be fulfilled.

#### **Shanxi Officials Told To Return Public Housing**

OW1204144095 Beijing XINHUA in English 1426  
GMT 12 Apr 95

[FBIS Transcribed Text] Taiyuan, April 12 (XINHUA)—Officials in northern China's Shanxi Province are being told to return extra public apartments they are holding illegally by the end of May, or face punishment, a local newspaper reported.

The Shanxi Daily said that according to a circular issued recently by the local provincial Party committee, a clarification of random ownership of public houses will be a leading task for this year's anti-corruption move.



It is customary for Chinese officials to be assigned a certain amount of square footage of apartment space in accordance with their rank. Some officials, however, have used various channels to obtain extra apartment space.

The circular said that officials above the level of deputy section chief in provincial departments, enterprises, and institutions will be targeted in the clarifying move.

The report said that those who refuse to hand over extra apartments will be punished according to their offense. It also provided a telephone number for people to report officials' offenses.

### Northeast Region

#### **Jilin Governor Discusses Economic Sector Relations** SK1304063995 Changchun JILIN RIBAO in Chinese 9 Mar 95 p 1

[By special correspondent Liu Li (0491 0500): "The Key Lies in Successfully Dealing With the Four Relations"]

[FBIS Translated Text] In citing the 1995 economic work in his government work report, Premier Li Peng stressed: "We should enhance and improve the macro readjustment and control and should pay attention to dealing with prominent contradictions and problems cropping up in economic development." Over the past few days, Governor Gao Yan who has attended the third session of the Eighth National People's Congress [NPC] and has all along meditated the issue of how to deeply implement the demands for the practical work of Jilin Province's economy so as to enable the national economy in the province as a whole to continuously achieve sustained, rapid, and healthy development. Gao Yan contended that the key to successfully conducting the economic work of this year lies in upgrading the quality and benefit of economic growth. Therefore, special attention should be paid to dealing well with the following four relations:

#### 1. The relation between economic growth and the curtailment of inflation.

This relation represents the key to reform, development, and stability. We should neither lower our guard nor be frightened out of our wits by the problems of inflation cropping up in the period of rapid economic growth. We should adopt effective measures to relieve the pressure of inflation. In curtailing inflation at present, attention should be paid to the following three issues: First, in controlling the commodity prices, it is imperative to distinguish the contributing factors in this regard and to refrain from seeking uniformity in doing everything. Controlling prices does not mean freezing them in an overall manner. As for some irrational price relations among industrial and agricultural products and among the industrial enterprises of basic raw materials, as well as among various processing industries, we should still

seize the opportunity and carry out adequate readjustment so as to enable them to be favorable for promoting production and increasing supplies. Second, a good job should be done in grasping the dynamics of macroeconomic readjustment and control and in preventing market and economic slumps caused by inadequate dynamics. Third, it is necessary to take the entire country into account in this regard and to unify the step.

#### 2. The relation between economic growth and structural readjustment.

It may be said the essence of sustained economic growth represents a process in which the economic structure has been gradually transformed from a low grade to a high one. In line with the province's reality, a good job should be done in grasping the following four focal points in readjusting the structure: 1) We should give priority to developing the basic industries of energy resources, communications, and telecommunications, as well as the pillar industries of motor vehicles and petrochemicals. 2) We should reinforce the dynamics in supporting the development of high-and-new tech industries so as to enable the province's strong points—including the applied chemical projects, biological science, biological projects, and liquid crystal indication projects—to be industrialized as soon as possible. 3) We should accelerate our pace in applying high-and-new technologies to improve the traditional industries and place the focal point on accelerating the technical renovations of industrial enterprises. 4) We should concentrate our efforts on carrying out transformation among natural resources and among those on the Changbai Mountain, as well as on successfully processing grains. We should also develop the foodstuffs and medicine industries so as to establish an industrial complex with the characteristics of regional natural resources.

#### 3. The relation between economic growth and the increase of economic results.

Economic growth requires not only the increase of quantity but also the upgrading of quality. Development is an essential criterion; the core of development lies on economic results. To upgrade the quality and effects of economic operation, it is imperative to accelerate the establishment of socialist market economic systems, and particularly to do a good job in grasping enterprises, the central link. Efforts should be made to continuously and vigorously grasp the shifting of the business mechanism of enterprises, to keep markets in view, and to concentrate on studying and developing markets. We should grasp the enhancement of management over markets by regarding the enhancement as a foundation of focal points. Meanwhile, we should further improve or enhance the construction of leading bodies among enterprises and do a good job in promoting and assigning the first leading personnel of enterprises.

#### 4. The relation between economic growth and the maintenance of stability.

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Maintaining social stability represents a premise for reform, opening up, and development. Currently, a focal point in maintaining stability should be placed on urban areas and a focal point in maintaining urban stability should be placed on dealing with the difficulties and problems encountered by specific industry and trade, by staff members and workers of enterprises whose production has been suspended and whose strength in reopening their production has not been sufficient, and by masses with low incomes. Meanwhile, public security, economic swindles, and corrupt phenomena are also factors affecting social stability. In view of the government, it should first firmly foster the viewpoint of relying on the masses if it wants to make a success in social stability. Based on extensive investigations and study, it should have various policies and measures fully reflect the interests of the vast number of people and be supported by most people. Second, it should vigorously grasp the weak links. Leadership should go deep into grass-roots level units and into reality, and should refrain from dodging contradictions. As for the hotly debated problems that are easy to arouse unexpected incidents, the government should accurately seize the trend and deal with them as early as possible. Third, it should carry out close coordination in work with society and unite with society in grasping problems and managing work. In dealing with unstable factors, departments in charge of the work at all levels, and society as a whole, should join in the work and truly form a joint force and an atmosphere of commonly grasping social stability. Fourth, it should enhance the construction of systems and reinforce the dynamics in enforcing the law so as to gradually orient the social and economic lives onto the track of legal systems. Fifth, it should uphold the principle of grasping the two civilizations simultaneously and boost not only economic work but also the construction of a spiritual civilization.

#### **Jilin Governor Discusses Communications Work**

SK1304045095 Changchun JILIN RIBAO in Chinese  
3 Mar 95 pp 1, 7

[Article by Gao Yan, Governor of Jilin Province: "It Is Necessary To Attach Prime Importance to Communications While Opening Up the Border Areas To Reach the Sea"]

[FBIS Translated Text] In a certain sense, communications is a basic industry which plays a decisive and leading role in the national economy and is one of the strategic focal points for priority development defined by the state's industrial policy of the 1990s. Accelerating the development of communications is of great significance in promoting national economic development and social civilization and progress.

Communications has played a leading role in economic and social development. Communications and transportation are the links between urban and the rural areas, between industry and agriculture, and between production and marketing, the bridges for economic, technological, and cultural exchanges, and the preconditions for

realizing production, exchange, and consumption. They may lay a good foundation and create conditions for realizing a well-rounded economic cycle. The economic development histories of all world countries prove that to realize economic invigoration and prosperity, we must give priority to developing communications. The rise of railways and power-driven fleets during the 18th century promoted the world's industrial revolution and the development of the capitalist economy; in the middle of this century, the rapid development of high-grade highways and aviation transport also added vitality to the economic invigoration of industrially developed countries. To maintain sustained, rapid, and sound economic development, our province must give priority to solving the problems concerning communications and infrastructure facilities and break the "bottleneck" restrictions.

Communications may promote economic development. Convenient means of communications may attract the inflow of people, materials, and funds and strengthen the vitality of economic development. If we build a road, we may invigorate a route and bring along the development of a large area. Localities with developed communications will see rapid economic development, and localities that are inaccessible by cars will see slow economic development. Generally speaking, if a good road is built in a locality, the area will gradually develop and possess a rising economy.

It is necessary to give priority to communications if we want to open up border areas to reach the sea. Our province is a border province near the sea. The key to expanding the sphere of opening up and raising the level of opening up lies in opening up the border areas to reach the sea. The task of top priority in doing so is to build passageways, rapidly open up and broaden the direct communications and transportation passageways to countries surrounding Northeast Asia, and create conditions favorable for opening to the outside world. Generally speaking, to build a border province near the sea, we should rapidly form a quick, convenient, unobstructed, and highly effective communications and transportation network favorable for opening up. Leading comrades at all levels must have insight into the overall situation, be farsighted, reach a common understanding of the development strategy, persist in placing communications in a priority development position, and brook no vacillation.

To solve the prominent contradictions in communications and transportation that restrict economic development, it is necessary to accelerate the development of all kinds of transportation forms. However, our province's current conditions indicate that it has the greatest development potential for building highway transportation. With reforms and opening up, particularly during the past three years when our province's economy was pushed to a new height, communications work has been placed in the lead, and communications undertakings have made considerable progress. During these three years, we invested a total of 3.8 billion yuan, which



amounted to the total amount of investment in the past 20 years, in building up communications; the total length of highways reached 29,581 km, an increase of 2,471 km in three years; the total length of renovated and newly-built highways amounted to 1,325 km; and the total length of high-grade highways reached 113 km, an increase of 4.1 times in three years. The construction of the Changchun-Siping expressway started last year and progress has been good; after expansion, Daan Port has become an inland river port opening to the outside world, with a fairly large scale and advanced facilities in the Northeast China Region. We may say that these three years were a period with a fairly rapid economic development in the history of our province and the time during which our province witnessed the most rapid development in communications undertakings. However, compared to the needs of communications and transportation in the course of opening up the border areas to reach the sea, this is far from meeting needs. We should strive to push our province's communications construction to a new stage through several years of efforts. Proceeding from the overall demands of the province's economic development, prior to the year 2000, we should give priority to building three trunk lines and four major passageways for opening up the border areas to reach the sea, and strive to make them attain a fair scale, standard, and level. The three major trunk lines include the Hunchun-Ulanhot, Beijing-Harbin, and Changbai state and provincial highway trunk lines. The four major passageways are to reach the Sea of Japan by means of the Hunchun-Ulanhot highway; to reach Bo Hai by means of the Changchun-Siping expressway via Dalian and Yingkou; to reach Huang Hai by means of the Changbai and Jixi highways via Dandong; and to reach Mongolia by way of Inner Mongolia and link with the Eurasian Continental Land Bridge. Meanwhile, we should actively develop ocean shipping and inland river transportation, exert vigorous efforts to reach the sea by means of ports, and give full play to the functions of Daan Port in developing trade with Russia. To realize the aforementioned objectives, we have to shoulder very arduous tasks. In the communications work for some time to come, we must follow the following few principles:

First, we should make overall planning and arrangements, pinpoint the priorities, and submit ourselves to the overall situation. In the near future, the priority of the whole province is to build large projects on the basis of building the three trunk lines and four major passageways, make them attain a fairly large scale and yield great efficiency, try by all possible means to push forward the key projects of building the Changchun-Siping and Changchun-Jilin expressways, give play to their efficiency, and promote economic development and opening up in the province. This is the need for pushing the economy to a new stage and is where the interest of the whole province lies. Governments at all levels should cultivate a concept of the overall situation, submit themselves to the interest of the whole, and give full

support to the building of the trunk lines and major passageways in terms of manpower, material resources, and funds.

Second, we should regard deepening reform and strengthening management as the fundamental motivation for communications development. To accelerate the development of communications, we must fundamentally solve the deep-rooted problems in the collection of funds, planned investment, and the management system. The time for implementing the planned economic system in communications construction is fairly lengthy; reform started quite late; and the degree of application of market prices is not high. To only way to make breakthroughs in these aspects is to deepen reform and strengthen management. Through reform, we may introduce market mechanisms, mobilize the enthusiasm of all sectors, raise funds extensively, and accelerate the development pace; and through strengthening management, we may raise the quality, lower the construction cost, increase efficiency, and economize on the use of funds.

Third, we should raise construction funds by opening wide to channels. Communications construction needs lots of investment and funds are very tight. To solve this contradiction, what we can do is to make the higher and the lower levels exert joint efforts, not adopt a wait-and-see attitude or rely on help, delegate the responsibility to all levels, and extensively raise funds. We should have multiple investors and establish the mechanism of combining investments from construction departments with those from the localities, the input of funds with that of policies, and the input of domestic funds with the introduction of foreign capital. Regarding the projects undertaken by the localities, the provincial authorities will provide part of the investment, and the remainder will be settled by the localities themselves. It is necessary to increase the fund raising channels by adopting various forms such as capital flow, money lending, and the implementation of the shareholding system in an effort to increase investment. We should adopt flexible and diversified forms, expand the scope and scale of inviting business and introducing capital, and give preferential treatment to foreign businessmen who come to the province to invest in building roads and bridges and who come to the capital from other provinces, such as by transferring the road and bridge management rights to them, appropriately extending their management time limit, and transferring to them the right of managing the lands on both sides of the highways on preferential terms. It is necessary to use the funds in line with the market economic law, encourage the paid utilization of construction funds by communications infrastructure facilities that have the ability to repay the funds, and conduct capitalized management. Meanwhile, we should continue to attract social funds and loans for developing commercial roads and bridges, vitalize the use of funds, and develop in a snowball-rolling manner. We should develop a latent value of communications infrastructure facilities and the lands surrounding them, create efficiency, and then reinvest in communications.



Fourth, we should strengthen leadership, fulfill the responsibility, and realistically turn communications behavior into government and social behavior. Communications work is not only the affair of the communications departments, but also the responsibility of the governments at all levels and the common responsibility of the whole society. To accelerate communications development, we must recognize communications from the strategic perspective of the province's economic development, pay attention to communications, strengthen leadership, mobilize social efforts, make communications construction realistically become the government behavior and the behavior of the whole society, and rapidly form a situation in which all people are mobilized and the whole society goes in for communications construction in a big way. Governments at all levels should place communications work on their agendas and manage it by objective. It is necessary to study and define the guiding principles, work tasks, development targets, and specific measures for local communications work every year, and solve major problems. We should contract the communications development targets and tasks and implement responsibility. The provincial government has signed letters of responsibility with all city and autonomous prefectural governments and will implement the plan of building road networks across the province for six years running. In accordance with the principle of "making overall plans and arrangements, carrying out construction in stages, and sharing the responsibility to all levels," the provincial authorities will mainly assume responsibility of building high-grade highways and the other projects will be in charge of by the local authorities. We should build the mechanism of incentive and restraint and strengthen supervision and inspection over communications work. The provincial government will conduct inspections once a year, appraise communications construction in advanced cities and counties, give special emphasis to investment, provide spiritual and material incentives, and use the economic stimulation method to boost the enthusiasm of governments at all levels in undertaking projects in communications. Efforts should be made to follow the mass line. The masses of people have tremendous enthusiasm in developing communications. Governments at all levels should make the best use of the situation to pool the enthusiasm of the masses and mobilize and organize them to develop communications undertakings. This is an act of doing practical and good things for the people and is not an act of adding burdens to them. Governments at all levels should enhance the sense of the overall situation and guarantee the smooth implementation of government orders. For the interest of the region, we must not dispute over matters involving land requisition, relocation, and the use of soil and materials.

Our province is now in a crucial period for reform, opening up, and economic development and the tasks facing us are glorious but arduous. We should unify thinking, enhance spirits, advance in unity, seize the opportunity, do solid work, push communications

undertakings to a new stage, be the forerunners in pushing our province's economy to a new height and building a developed border province near the sea, and make new contributions.

### Northwest Region

#### Qinghai Views Light, Tertiary Industries

HK1304081295 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 2 Apr 95

[FBIS Translated Excerpt] According to a decision made by the provincial work meeting on the light and textile industries, the key tasks of the light and textile industries in our province are: To pay close attention to the work of turning deficits into profits, to vigorously promote the establishment of a modern enterprise system, and to strive to achieve growth in the sector's gross industrial output value, sales proceeds, and export delivery value over that of last year.

Yin Kesheng, Wang Hanmin, Wang Enke, and Banma Danzeng attended the meeting. Yin Kesheng and Wang Hanmin delivered speeches at the meeting. They said in their speeches: The light and textile industries are key industries in which our province has an edge in resources. At present, the most important thing is to produce high-quality products by seizing on and giving full play to our superiority. We must found famous-brand products of our own, engage in technological transformation, forge closer ties between manufacturers and areas supplying raw materials on a mutually beneficial basis, and improve economic benefits. Moreover, all the light and textile enterprises throughout the province must take the deepening of enterprise reform and the establishment of a modern enterprise system as this year's work focus. They should proceed from the actual conditions of our province and strive to explore a new path for building up a modern enterprise system in line with the characteristics and conditions of Qinghai Province. As far as our concrete work is concerned, we must try to be practical and realistic, pay attention to the overall situation, emphasize making a contribution, and attach importance to conducting surveys. We must classify problems, prioritize them, and solve them one by one. Only in this way can the light and textile industries be free from the predicament and develop faster. [passage omitted]

#### Xinjiang Publishes Government Work Report

OW0204163495 Urumqi XINJIANG RIBAO in Chinese 25 Feb 95 pp 2, 3

["Report on the Work of the Government Delivered by Abudulahat Abdurixit at the Third Session of the Eighth Xinjiang Autonomous Regional People's Congress on 18 February 1995"]

[FBIS Translated Text] Fellow deputies:

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On behalf of the Xinjiang Uygur Autonomous Regional People's Government, I now submit the government work report for your examination and approval, and also for suggestions and comments from observers. *A Review of 1994*

The year 1994 witnessed the all-around development of the socialist market economy and continued success in the autonomous region's reform and development. In that year, we earnestly implemented the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee under the correct leadership of the party Central Committee, the State Council, and the autonomous regional party committee. We also strictly followed the party Central Committee's principles of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability." We tightened and improved macroeconomic regulation and control, surmounted various contradictions and difficulties during the course of advancement, achieved sustained economic development, and maintained social stability. The region's total output value of goods and services amounted to 63.2 billion yuan (in terms of 1994 prices; the same is true hereafter), a 10.9-percent increase over the previous year. The region's total industrial and agricultural output value, revenue, expenditure, fixed asset investment, retail sales of consumer goods, and total export and import volume were 88.413 billion yuan, 2.7 billion yuan, 7.35 billion yuan, 29.904 billion yuan, 19.626 billion yuan, and \$1.023 billion, rising by 9.6 percent, 20.1 percent, 10.5 percent, 20.4 percent, 17.5 percent, and 12.2 percent, respectively. Markets in urban and rural areas flourished, and people's lives continued to improve. The entire region enjoyed political stability, economic development, ethnic unity, and social progress, giving rise to a generally favorable situation. This situation was mainly reflected in the following ways:

#### **1. The rural economy experienced significant development.**

During the past year, governments at all levels earnestly implemented the guidelines of the national and autonomous regional rural work conferences; actively restructured agriculture and crop cultivation; promoted all kinds of applicable, output-enhancing technology on a large scale; increased agricultural investment through various means; went all-out to build infrastructure related to agriculture and animal husbandry centered on irrigation and water conservancy; and devoted vigorous efforts to reducing peasants' and herdsmen's burdens and to implementing the "Agricultural Law." In agriculture and animal husbandry, we overcame various natural disasters and achieved 30.031 billion yuan in total agricultural output value for the entire year, a figure that represented a 9-percent increase over the previous year (the added value in agriculture was 17.7 billion yuan, 8 percent higher than in the previous year). Except for grain output, which fell by 7.5 percent from the previous

year to reach 6,661,700 tonnes, the output of other crops rose by a fairly large margin. Cotton output was 825,000 tonnes, up 21.3 percent over the previous year, with total output, unit output, and per capita share all reaching an all-time high. The output of oil-bearing crops and beets rose by 37.1 percent and 26.3 percent to reach 507,600 tonnes and 2,992,400 tonnes, respectively. The number of livestock at year's end was 35.99 million head, up 2.4 percent. Total meat output was 428,100 tonnes, an 11.8-percent increase. A total of 1.006 million mu of land was afforested. Village and town enterprises developed rapidly, and their total output value breached the 10-billion mark to reach 10.2 billion yuan, increasing by 54.2 percent. Their net profits came to 677 million yuan, up 19.7 percent. They delivered 422 million yuan in tax revenues to government coffers, representing a 36.4-percent increase. Peasants' incomes grew significantly, with annual net per capita income reaching 935.5 yuan. This was 157.5 yuan more than in the previous year, or 5.5 percent more after adjusting for price increases.

#### **2. Industrial production and transport work continued to grow**

Last year, Xinjiang's industrial production and transport work faced many difficulties and challenges, and so developments in these areas were difficult. Nevertheless, governments at all levels and enterprises in the autonomous region earnestly implemented the "Regulations Governing the Transformation of Operating Mechanisms of State-Owned Industrial Enterprises," deepened reform in all fields, improved enterprise management, stepped up technological transformation of enterprises, made every effort to coordinate production work with fund utilization, adopted the strategy of creating famous brand-name products of Xinjiang, and endeavored to open up new markets. With all these efforts and negative growth at the beginning of last year, the region's total industrial output value amounted to 58.383 billion yuan, up 9.9 percent from the previous year (the industrial increase value was 19.768 billion yuan, up 8.9 percent). Light industry grew 11.8 percent and heavy industry grew by 8.1 percent. By economic type, state-owned enterprises grew 7.3 percent, collective enterprises grew 9.0 percent, and other economies grew 63.6 percent. By relationship of administrative subordination, enterprises under the central authorities grew 2.3 percent, enterprises under the Xinjiang regional government's administration grew 21.8 percent, enterprises under prefectural and city administration grew 8.8 percent, and enterprises of the Xinjiang Production and Construction Corps grew 7.6 percent. Last year, a total of 190 new industrial products were developed, 20 new technologies were promoted, and 25 brand-name products of Xinjiang were accredited. Transport and postal and telecommunications work developed quite rapidly last year—the railway cargo transport volume totalled 21.602 million tonnes, 7.0 percent more than the year before; the highway cargo transport volume totalled 356 million tonnes, up 1.4 percent from the year before; passenger

transport by civil aviation was 2.5 billion passenger-kilometers, an increase of 19 percent over the previous year; the total postal and telecommunications business volume amounted to 575 million yuan, up 44.8 percent from the year before.

### **3. Building of basic industries and infrastructure was stepped up**

Last year, Xinjiang carried out reform of the investment system—we strengthened and improved macroeconomic management of the total investment volume and the investment structure and made greater efforts to adjust the investment structure, thus increasing investment efficiency. With limited funds available, we strived to consolidate available funds to ensure smooth proceeding of key construction projects, maintaining appropriate growth in fixed asset investment. A total of 29.904 billion yuan in fixed asset investment was made last year—20.4 percent more than the previous year—of which 11.383 billion yuan was invested in regional projects, up 17.9 percent from the year before. Of the total fixed asset investment, 25.795 billion yuan was made by state-owned units, an increase of 20.7 percent over the previous year. Investment in capital projects was 18.178 billion yuan, an increase of 25.5 percent; and investment in technological modernization and transformation was 4.245 billion yuan, up 13.5 percent from the year before.

Construction of 28 key projects proceeded smoothly. With the exception of the Axi Gold Mine, seven production projects and six projects, of which each was designed to produce a single product, were completed as scheduled. The reconstruction and expansion project of the No. 8 Steel Corporation was basically completed; the Nos. 5 and 6 generator sets of the second-phase expansion project of the Manasi power plant were hooked up for power generation; the Tacheng airport was completed and test use of the airport was accomplished; the heat supply center at Urumqi's Guangming Road was put into use; the bridge across the Maigaiti-Yeerjiang River was opened to traffic. Completion ahead of time of the double-track Lanzhou-Xinjiang railroad and the completion of the Xian-Lanzhou-Urumqi optical fiber telecommunication project will play an important role in improving Xinjiang's investment climate and accelerating the region's economic development. The new major added production capacities of key projects are as follows: installed electric power generation: 250,000 kws; heat supply: 5 x 25 tonnes per hour; crude oil exploitation: 2.97 million tonnes; steel: 150,000 tonnes; cotton spinning: 90,000 spindles; open-end spinning: 8,000 spindles; double-track railroad put into operation: 473 kms; long-distance telecommunication optical fiber laid: 866.7 extended kms.

### **4. Financial Revenues Increased and the Financial Situation Was Basically Stable**

Following the state's unified plan, the tax-sharing financial system began to be implemented in Xinjiang as of

last year. In the face of the extremely difficult financial situation in Xinjiang, governments and financial and taxation departments at all levels did great deals of work in separating local taxes from central taxes, in linking work in the two areas, in supporting production, in strengthening tax collection and management, and in increasing revenues and reducing expenditures, ensuring a relatively rapid increase in government's financial revenues. Last year's financial revenues were 110.3 percent of the amount projected at the beginning of last year, or 453 million yuan more than the year before. While the government's finances were squeezed by the increase in expenditures of policy nature, we took various measures to basically ensure normal progress of work in all fields.

Reform of the banking system was carried out smoothly. Bank deposits and loans increased by a big margin. At the end of last year, savings deposits of urban and rural residents totalled 34.77 billion yuan, 10.363 billion yuan more than that at the end of the previous year; bank loans totalled 63.232 billion yuan, 12.627 billion yuan more than that at the end of the previous year. This played an important role in securing sufficient funds for the purchase of agricultural and sideline products and for key construction projects.

### **5. Strong momentum was maintained in opening to the outside world.**

We have accomplished the goal of topping \$1 billion in import and export volume set at the beginning of the year. Of this amount, \$434 million was from ordinary import and export trade, an increase of 45.4 percent over the previous year. Cotton exports, in particular, was better than the previous year in both quality and quantity. Exports by foreign-funded enterprises reached \$76 million, an increase of 110 percent. Imports and exports in the form of barter trade totaled \$513 million, down 11.2 percent. Remarkable achievements were made in attracting foreign businesses and investment. The 1994 Urumqi Trade Fair achieved complete success. The region signed 157 investment contracts with foreign businesses. The amount of foreign capital actually used was \$141 million, up 26.1 percent from the previous year. The amount of capital brought in from other provinces and municipalities was 669 million yuan, an increase of 27.2 percent. The region is currently stepping up construction of 936 projects in cooperation with other provinces and municipalities. The Urumqi Economic and Technological Development Zone has become a state-level development zone, where preferential policies were further implemented and perfected. Construction of other development zones and cooperative areas and ports were also stepped up.

### **6. Macroeconomic Regulation of the Economy was Strengthened.**

Last year, reform measures were smoothly implemented in the area of finance, taxation, banking, investment, foreign exchange, foreign trade, price structure, and



distribution. This was a decisive step toward establishing a socialist market economic structure. In light of the new developments and problems which emerged in the course of developing a market economy, the autonomous region promptly adopted measures to strengthen and improve macroeconomic regulation of the economy. Pursuant to the state's uniform policy, the region enforced strict control over cotton procurement and market. This ensured control of the cotton supply in the hands of the state. At the same time, to strike a balance in the supply and demand of important commodities in the region, we formulated, in light of the region's reality, a series of measures to control the procurement, supply, and pricing of grain, edible oil, chemical fertilizers, pesticides, farming plastic sheets, diesel oil, and other farm products and capital goods. In addition, we used revenues from cotton to subsidize grain and fertilizer production. This has stabilized the price of grain and agricultural capital goods. To curb inflation, we made greater efforts to strengthen investment management, control consumption funds, increase supply, rectify circulation order, and strengthen price management. All this has played a positive role in stabilizing prices.

**7. We achieved all-around progress in science, education, culture, public health, and sports.**

We continued to adhere to the policy of conducting science and technology work to serve the needs of economic construction. We implemented the strategy of revitalizing Xinjiang through the development of science and technology. We cultivated the technology market and took additional steps to implement the "Torch Program," the "Spark Program," and programs designed to popularize major science and technology achievements. All this has produced outstanding results in transforming scientific and technological achievements into productive forces. Last year, we scored 296 scientific and technological achievements, of which 11 won state-level scientific and technological awards and 124 won regional scientific and technological progress awards. Our education further developed. New progress was made in primary education. Higher education, vocational education, and adult education have all been strengthened. Last year, 43,300 students enrolled in institutions of higher learning and 7,645 students graduated from them while 50,700 students enrolled in regular institutions of higher learning for adults and 10,218 graduated from them. Public health developed fairly fast. Smooth progress was made in building public health centers in towns and townships. Medical and health conditions in the countryside improved. Primary public health, disease prevention, and control of the pharmaceutical market received greater attention. Remarkable achievements were made in sports. Xinjiang won three world championships and one Asian Games title. At the Far East and South Pacific Games for the Handicapped, Xinjiang's athletes also won top places. Mass sports activities developed vigorously. We successfully held the Third Regional Games. Culture and

arts became more prosperous. Management of the culture market was further strengthened. Radio, film, television, news media, and publications continued to develop. Achievements were made in family planning, environmental protection, civil affairs, and judicial work.

**8. Social stability was maintained.**

Governments at all levels consistently upheld the thinking that stability ranks above everything else, and correctly handled the relationship between reform, development, and stability. They intensified ideological and moral education that focused on patriotism, collectivism, and socialism, and carried out education on the legal system, thus generally heightening the patriotic, democratic, and legal sense of cadres and people of all ethnic backgrounds. They persistently carried out education on ethnic unity, launched activities aimed at promoting ethnic unity and progress, upheld common prosperity and common progress for all ethnic groups, and further strengthened interethnic bonds. They vigorously waged various special struggles to punish criminals and eradicate social ills. They also constantly strengthened and implemented measures for improving all facets of public order; attached importance to expanding the ranks of law-enforcement personnel; effectively safeguarded public order; and further strengthened the legal system. Last year, the autonomous regional people's government submitted 15 local bills to the people's congress standing committee, and 10 of them were promulgated for implementation after examination and approval. Twenty-six sets of various administrative rules were either promulgated by the government or by relevant departments with the government's approval. These rules played a significant role in standardizing market and social activities, and in promoting the healthy development of the economy and various social services.

Governments at all levels attached importance to the tasks of caring for people, helping people solve practical problems, and doing practical and worthwhile things for people. By launching projects to improve the quality of drinking water in rural areas, they solved the problem of drinking water for 250,000 people and 500,000 animals. Eighty-three new, small-town hospitals were built, and the goal of renovating 66 small-town hospitals was basically realized. By the end of 1994, a total of 423 small-town hospitals had been built and opened for service. Smooth progress was made in supplying electricity to counties that had been without electric power. All localities generally paid attention to taking care of enterprises in great distress and low-income workers. Urban residents' lives took a turn for the better, and per capita income for use as living expenses totaled 2,869 yuan. This was 654 yuan more than in the previous year, representing a 1.4-percent increase after adjusting for price increases.

During the past year, the Xinjiang Production and Construction Corps upheld the policies of reform and

opening up, carried forward the pioneering spirit of veteran corps members, overcame difficulties during the course of advancement, worked hard to develop the socialist market economy, achieved new gains in economic construction and in other fields of work, and played an important role in the autonomous region's reform, development, and stability.

Chinese People's Liberation Army and Armed Police troops stationed in Xinjiang carried forward the People's Army's glorious tradition. Aside from attending to their own reform and construction, they supported and participated in key construction projects, relief and rescue operations, and poverty relief efforts on their own initiative. They showed concern and support for various educational and cultural services; made fresh contributions to Xinjiang's stability, unity, and economic development; and drew high praise, love, and respect from people of all ethnic backgrounds.

Fellow deputies: After one year's efforts, we have basically completed the tasks for 1994 laid down at the Second Session of the Eighth Xinjiang Autonomous Regional People's Congress. These achievements should be credited to the correct leadership of the party Central Committee and the State Council, as well as to the concerted efforts of people of all ethnic backgrounds across the region. On behalf of the autonomous regional people's government, I would like to take this opportunity to extend my heartfelt thanks and best regards to workers, peasants, herdsmen, and intellectuals across the region; workers and staff members working on corps-affiliated farms; cadres at all levels; people from various democratic parties; patriotic figures with no party affiliation; all military, Armed Police, and public security officers and men stationed in Xinjiang; and cadres, workers, and staff members in Xinjiang-based central organizations.

The situation in 1994 was favorable, and major achievements were made in that year. These achievements were not scored easily, especially given the fact that our economic life was riddled with contradictions and considerable difficulties. While fully affirming our achievements, we should be keenly aware of the continued existence of deficiencies and shortcomings in the government's work, as well as the host of difficulties and contradictions that lie ahead. Some of these deficiencies, shortcomings, difficulties, and contradictions are very glaring, and they are mainly reflected in the following ways:

First, drastic price hikes persisted and inflation deteriorated. Last year, commodity prices remained high in Xinjiang; the general level of retail prices of commodities rose 25.7 percent in the year; the increase in the prices of staple and nonstaple food items, such as grain, cooking oil, meat, eggs, and vegetables, which were closely related to the lives of the people in both urban and rural areas, was particularly conspicuous; and the prices of industrial consumer goods and means of agricultural production rose at the same time. The masses of

people had a lot of complaints. The reasons causing the excessive increase in the general level of commodity prices were as follows: 1. Xinjiang lagged behind other provinces and municipalities in carrying out price reform for years. The prices of some products were lower than those in the hinterland provinces and municipalities. The prices were not right. For example, while the prices of grain, petroleum, and coal had been very high in most provinces and regions before the state carried out unitary price readjustment, Xinjiang did not readjust their prices. Xinjiang's readjustment of prices to the same level of other parts of China in accordance with the state policy on price readjustment inevitably resulted in higher price hikes than those in other provinces and regions. Among them the price of flour of standard quality was readjusted 65 percent upward, higher than the average level—35.2 percent—of the country. 2. Though a series of important reform measures adopted by the state were necessary for promoting the rational distribution of resources and rationalizing prices, they had a direct impact on commodity prices as they caused prices to increase by a big margin. 3. Last year, due to a decrease in the area of farmland growing popular vegetables of dependable quality, coupled with the fact that output drastically dropped as a result of natural disasters, that vegetables were in short supply, and that the prices of vegetables grown in the off seasons allocated for delivery to Xinjiang from the hinterland increased by a big margin, the prices of vegetables rose too high. 4. Distribution channels were not smooth; the system of macroeconomic regulation and control over prices and the laws and regulations on prices were imperfect; control over the market and commodity prices was not strictly exercised; measures taken were ineffective; and control over the market and the order of prices were relatively in disarray. According to an analysis, last year, of the 25.7 percentage points' price hikes 8.4 percentage points were a result of cockiness [qiao wei ba 5062 1442 1572], 11.6 percentage points were a result of price readjustment by the state and new policy implemented, and 5.7 percentage points were automatic price hikes as a result of decontrol over commodities.

Second, industrial production did not fulfill planned targets and its efficiency was low. The main reasons were as follows: 1. Enterprises' equipment and technologies were outmoded; they incurred a great deal of debts in carrying out technical transformation; and the past debts and social burden weighing down on them were too heavy; 2. the pace of readjusting their industrial structure and product mix was slow and the structure of ownership was not rational enough; 3. reform lagged behind other provinces and regions; the transformation of government functions was carried out slowly; enterprises lacked vitality; their internal operation and management were poor; and their work fell behind schedule; and 4. enterprises were seriously short of operating funds and the efficiency of the use of such funds was poor. The growth rate posted by enterprises under the central



authorities dropped 15 percentage points from the previous year because crude oil and processed oil were under the restrictions imposed by the big market nationwide. Calculated on the basis of 26 percent, the ratio that the aggregate output of enterprises under the central authorities captured in the total industrial output of Xinjiang, such a drop had an impact on Xinjiang's industrial development, causing it to decrease by nearly 4 percentage points.

Third, financial deficits widened and we encountered difficulty in making arrangement for funds. In recent years, Xinjiang depended mainly on the increase in local financial revenues to supplement its increasing financial expenditures as China changed its financial system. Despite successive big increases in Xinjiang's financial revenues, the absolute amount of increased revenues fell far short of the increase in expenditures because the basic figure was small. In particular, as a result of last year's big readjustment of wages and normal increases in the size of personnel and expenditures, coupled with the fact that our organizations were huge in size, financial difficulties became increasingly serious. In 1994, Xinjiang's financial revenues exceeded the budget planned at the beginning of the year by 252 million yuan and posted an actual increase of 453 million yuan over the previous year. Despite such an increase, Xinjiang's financial deficits reached 700 million yuan after the revenues were offset by expenditures in the year because inflexible expenditures expanded and because normal expenses for the readjustment of wages and the increase in the number of personnel exceeded 900 million yuan. Including the deficits of 800 million yuan carried over from previous years, Xinjiang's deficits reached 1.5 billion yuan as of the end of last year. To guarantee the payment of wages, all areas took the liberty to divert special funds to various extent, thereby seriously affecting production and construction. Xinjiang could not sustain such huge deficits without support from the state. Above all, Xinjiang must rely on itself and be firmly determined to take unusual measures to increase income and cut down expenses; otherwise, it will be hard for Xinjiang to solve the financial difficulties in the near future.

Fourth, the agricultural foundation was weak and had insufficient stamina to achieve sustained development. The enthusiasm of peasants for planting grains cooled down and grain production decreased. A comparatively sharp decrease in grain production was reported by the Xinjiang Production and Construction Corps. Input into the agricultural sector was insufficient; infrastructure construction lagged behind schedule; and capabilities to withstand natural disasters were poor. The area of localities suffering from poverty expanded and the task to help the impoverished areas was extremely arduous.

In addition, the incident of a disastrous fire that broke out at Karamay on "12.8 [8 December]" not only reflected the problems existing in Karamay's safety work, but exposed the fact that Xinjiang's safety work

was ineffective. Furthermore, our thinking, work style, and work did not meet the needs of developing a socialist market economy. The corruption, formalism, and bureaucratism found in a small number of government personnel adversely affected the close ties between the governments and the masses of the people. We must face up to these difficulties and problems and gradually surmount and solve them when carrying out our work in the future.

#### Economic Work for 1995

Nineteen ninety-five is the last year of the Eighth Five-Year Plan, as well as a year for making sufficient preparations for ushering in the Ninth Five-Year Plan period.

The overall guiding principles for the regional economic work are: Following the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; continuing to conscientiously implement the principle of "seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability;" grasping the relationship between reform, development, and stability; further deepening various reform programs; opening up wider and faster to the outside world; bringing into full play Xinjiang's advantages in resources and geographical location; optimizing economic structure; raising economic efficiency; curbing inflation; increasing supply; striving to keep the region's overall supply and demand basically stable; fulfilling the Eighth Five-Year Plan in all fields; and promoting a sustained, rapid, healthy economic development as well as all-around progress in science and technology, education, and other social undertakings throughout the region. The main targets of the regional economy in 1995 are: gross regional product, 46.56 billion yuan (based on the 1990 fixed prices, the same below), up 11 percent from 1994; total value of industrial production, 39.3 billion yuan, up 10.1 percent; total value of agricultural production, 20.78 billion yuan, up 5 percent; local investment in fixed assets, 13.98 billion yuan, up 22.9 percent; local financial revenues, 3.108 billion yuan, up 11.1 percent; total volume of export and import, \$1.023 billion; general index of retail sale prices, below 115 percent; and increase of peasants' net income, over 100 yuan.

In achieving the above development goals, we face a grim situation, difficulties, problems, and formidable tasks. However, we also have many favorable conditions for development. (1) Thanks to the achievements in reform over the past more than a decade, the people of all nationalities, who have rallied more firmly around the party and government in marching along the road of building socialism with Chinese characteristics, are fully prepared ideologically, are able to stand psychological pressure, and have the courage and confidence to surmount various difficulties. (2) The major reform programs, which have proceeded smoothly and have been



gradually perfected in the region in line with the central authorities' arrangements, will play a positive role in promoting the work in all fields. (3) Xinjiang's bumper agricultural harvests for many years in a row—especially the big increases in cotton, sugar, edible oil, and other cash crops—have laid the material foundation for regional economic development. (4) The continuous strengthening of basic industries and infrastructure, as well as the successive completion and operation of a number of energy, raw and semi-finished materials, and infrastructure projects, has instilled new vitality into the regional economic development. (5) Increasing incomes of urban and rural residents, constantly improving living standards, and a growing demand for consumption, which have been brought about by economic growth, will further stimulate the economic development. (6) The acceleration of the development of the central and western regions and of the exploitation of resources in the western region—which the state has put on the agenda—will provide support and assistance in some ways for Xinjiang's aid-to-the-poor work; construction of grain, cotton, and sugar production bases; and infrastructure construction. These positive factors are favorable for a sustained development of the regional economy. So long as we seize the opportunity, proceed from the realities, deepen reform, opening up wider, concentrate efforts to carry out the strategy of "rejuvenating Xinjiang with science and technology," and do work more efficiently, we will surely be able to overcome difficulties and win greater victories in economic and social development. To this end, we must pay close attention to the work in the following fields:

**1. We will strengthen macroeconomic regulation and control, and curb inflation.**

We will further strengthen and improve macroeconomic regulation and control, endeavor to increase supply, maintain the basic balance between total supply and demand, facilitate the optimization of economic structure, improve the overall quality and efficiency of regional economy, and ensure coordination between economic and social development.

Curbing inflation and controlling price rises are the primary tasks of this year's macroeconomic regulation and control. We will establish a responsibility system of targets for regulating and controlling price rises at each level, conduct periodic evaluation, and work hard to ensure that this year's price increase will be conspicuously lower than that of last year, or under 15 percent. The key to curbing price rises lies in increasing supply. We will effectively implement the system of holding mayors responsible for the "vegetable basket" project; and will increase the input and adopt preferential measures to vigorously develop the production of meat, milk, eggs, poultry, and fish and to ensure their amply supply. We will take forceful action to reinforce the management of prices. Prices of commodities will not be readjusted in the first half of this year. All prefectures, departments, and enterprises must not overstep authority in hiking

prices or collecting fees without authorization. We will strictly enforce price discipline, persisting in implementing the system of applying for approval and keeping a record of price increases of important commodities, as well as the system of clearly marking market commodity prices and service fees. We will curb price rises through controlling the difference between prime cost and marketing prices and setting price ceilings. We will step up supervision over fees and prices in monopoly trades. We will bring into full play the functions of professional price inspectors as well as the supervision by the masses and by the media over prices, promptly bringing into light major cases of violating law and discipline and meting out swift and severe punishment in order to coordinate the whole society to create a powerful momentum for supervising market prices.

Efforts will be made to strengthen macromanagement of consumption funds. We must strictly control those funds which come from revenues other than wages and which are to be used by institutions; we must prevent them from being increased too fast. Efforts will be made to strengthen and perfect macromanagement of investment in fixed assets, further strengthen regulation and control of the total amount of investment, strictly limit project approving authority, rationally determine the amount of capital to be raised by the localities themselves, strengthen and regulate the management of foreign-funded projects, and step up macroeconomic and auditing supervision.

Efforts will be made to strengthen macroeconomic regulation and control of important commodities and materials vital to the national economy and the people's livelihood. To ensure grain production, mandatory targets will be established for the area of farmland to be sown in grain crops and for total output. We will continue to strengthen grain procurement, strictly control the market, keep grain prices in check, abolish the policy which requires peasants to sell 60 percent of the contracted grain to the state at the price set by the state while allowing them to sell the remaining 40 percent to the market at market price, and implement instead the policy requiring peasants to sell all the contracted grain to the state at the price set by the state. At the same time, appropriate measures will be adopted to compensate the peasants. Mandatory targets will be set in the procurement of edible oil. Regarding commodities in short supply that have a greater impact on commodity prices, their flow out of the region will be duly restricted; restriction of their circulation within the region will be lifted.

We will continue to consolidate and perfect the major reform measures adopted to restructure circulation and bring into full play the role of state commerce and supply and marketing cooperatives as the main channel for regulating market demands and supply. We will gradually establish and perfect a grain production risk sharing fund system and a nonstaple food prices regulating fund system and accelerate the establishment and perfection

of a reserve system for important commodities and materials. Efforts will be made to rectify circulation order, reduce intermediate links in the chain of circulation, and ensure unclogged circulation. Unauthorized establishment of checkpoints and collection of fees are strictly prohibited. The preferential measures allowing peasants to enter cities to sell vegetables and meat directly to consumers will be earnestly implemented. Sales promotion will be actively launched, and efforts will be made to coordinate between production and circulation, between internal and foreign trade, and between the flow of capital and materials. Efforts will be made to strengthen market structures, including building and managing grain markets, farm and livestock produce markets, and other types of markets. Additional steps will be taken to regulate market transaction behavior. Formulation of market management measures and laws and regulations will be stepped up to safeguard market order in accordance with the law. Determined efforts will be made to crack down on illegal activities—such as artificially forcing up commodity prices, monopolizing the market, cheating consumers to seek exorbitant profits, or victimizing consumers by manufacturing and selling fake or substandard products—and to ensure open, fair, and just competition in the market.

**2. Additional steps will be taken to strengthen the role of agriculture as the foundation of the economy and to promote sustained and stable development of the rural economy.**

We will uphold the guiding ideology of "stabilizing or increasing the total output of grain and cotton, raising economic efficiency, and increasing peasants' and herdsmen's income." Focusing on the two major goals—ensuring the effective supply of farm and sideline products and the steady increase of peasants' income, we will give prominence to three major areas: grain and cotton production, vegetable and nonstaple food production, and village and town enterprises. Vigorous efforts will be made to implement the strategy of "revitalizing agriculture by means of science and technology." We will use every means to achieve a better agricultural harvest and develop the rural economy in an all-around way. The question of grain is not only an economic issue but also a political issue as well, and we must not slacken our efforts even a little. We must ensure adequate area sown to grain crops, optimize the mix, make major efforts to increase per unit yield, and raise the total output; on no account should we development cash crops at the expense of grain.

All localities and the corps should implement the grain production responsibility system according to the plans they receive, so we can ensure that total grain growing areage will not be less than 24 million mu, total grain output will not be less than seven million tonnes, and that Xinjiang will be self-sufficient in grain supply and will have some surplus. We should strive to have grain evenly produced in all localities. While assuring grain production, we should further adjust the crop mix. As for

cotton production, the general guideline is to maintain the current acreage, to employ new farming technology, improve yield per unit area to increase total output, improve cotton quality and the efficiency of growing, and ensure that total cotton output will reach 900,000 tonnes. Total sugarbeet production is set at 3.2 million tonnes, and total production of oil-bearing crops has been readjusted to 400,000 tonnes. We will promote production of good-quality fruits, mulberry, and other highly-efficient cash crops. While ensuring development of the animal husbandry industry in grasslands, agricultural areas, and suburban areas, we will focus on developing the animal husbandry industry in agricultural areas, stressing meat production. We will step up the building of grasslands for herdsmen to settle down, simultaneously promote farming and livestock raising, encourage livestock raising using scientific means, accelerate adjusting the mix of livestock, make efforts to improve the breed of livestock, improve the overall efficiency of animal husbandry in grasslands, and raise production in pastoral areas to a new level. We will properly carry out afforestation work, revamp old and low-yield orchards, actively develop forestry industry, promote comprehensive use of forestry resources, and continue to expand green areas. We will accelerate the construction of "vegetable basket" projects, strive to increase production of staple vegetables, increase the variety and quality of vegetables, promote poultry industry and aquatic cultivation, and increase the supply of essential nonstaple foods in urban areas.

We will continue to earnestly implement the party's principle and policies toward rural areas. We will further deepen rural reform, actively develop a socialized service system, and gradually build up collective economic strength. We will resolutely increase agricultural investment—the focus of investment will be placed on building capital farmland and grassland projects, stressing irrigation building; on building bases for producing agricultural and sideline products and other commodities; and on comprehensive agricultural development to improve agricultural production conditions. We will endeavor to broaden the scope of investment—the autonomous region and all localities not only should make every effort to increase investment, but also should strive to attract more domestic and foreign funds and encourage collectives, peasants, and herdsmen to increase investment. We will ensure a good job in comprehensive agricultural development and speed up revamping medium- and low-yield farmlands. We will forcefully popularize water-saving irrigation technique that has been proved effective, will truly shift the focus of the construction of water conservancy works to water conservation, and will insist on doing so for a long time. We will truthfully step up protection of basic farmlands and the environment; we will further increase the degree of mechanization of the agricultural and animal husbandry industries; we will continue to promote the "five goods" building in rural areas. In the light of the reality in Xinjiang, we will further deepen reform of the land



management system and the land utilization system, and a fee will be charged for the use of land to protect land.

We will invigorate the agriculture by popularizing scientific farming knowledge; will further raise the percentage of technology in the rural economy; and will vigorously develop a high-yield, highly-efficient, and good-quality agriculture. We will continue to forcefully promote advanced and applicable technologies aimed at increasing production of grain, cotton, oil-bearing crops, and animal products, and at improving product quality. We will further promote agricultural vocational education and technical training, and properly conduct activities during winter time to popularize scientific and technical knowledge to increase scientific knowledge and raise the educational levels of the vast numbers of grass-roots cadres and the masses of peasants and herdsmen. We will build more and improve the current agrotechnology promotion and service networks at various levels; we will consolidate and develop the various types of agrotechnology service organs; we will stabilize and develop the current grass-roots agricultural science research work force; we will encourage agrotechnicians of agricultural schools and research institutes at various levels to go to the forefront of rural areas to provide technical instructions and paid services.

All trades and professions should bear in mind that they should serve the agricultural and animal husbandry industries, and should take the initiative in supporting agricultural and animal husbandry production. They should ensure the production, distribution, and supply of chemical fertilizers, plastic films for agricultural use, farm chemicals, farm machinery accessories, diesel, and other means of agricultural production. We will continue to implement the policy of using revenues from selling cotton to subsidize fertilizer production, will reduce circulation links, stabilize prices, and protect peasants and herdsmen's investment enthusiasm. We will continue to implement the policies and regulations adopted by the State Council and the regional authorities concerning easing the burdens of peasants and herdsmen, in order to protect the legitimate rights and interests of peasants and herdsmen.

We will persist in "moving on many wheels along multiple tracks" by vigorously developing the individual-run, private, and stock cooperative sectors of the economy. We will strive to create a relaxed atmosphere that is conducive to the development of village and town enterprises; promote the sustained, rapid, and healthy development of such enterprises in a highly efficient manner; and help such enterprises achieve 13.5 billion yuan in total output value. By focusing on processing agricultural and sideline products, and converting our abundant resources, we will implement the "Spark Plan," rely on scientific and technological advancement, improve enterprise management, and vigorously develop textiles, mining, food processing, and building materials. In keeping with local conditions, we will selectively develop a number of key enterprises that have

a higher starting point, are efficient, and can promote local economic development in areas along transportation lines and in areas with the right conditions. We will actively promote the construction of small industrial and trade zones that consist of village and town enterprises.

We will earnestly implement the "autonomous regional project to feed and clothe 1 million people," and intensify poverty-relief efforts. Poverty-stricken areas should take poverty relief efforts as their central economic task; continue to vigorously promote the spirit of self-reliance and hard work; fully harness local resources to expand production; and resolve the problem of feeding and clothing people at the earliest possible date. We will continue to earnestly implement the wide array of poverty-relief preferential policies formulated by the state and autonomous region; properly manage and use poverty-relief funds; constantly improve production and living conditions in poverty-stricken areas; and improve the ability of poverty-stricken areas to develop their own economies. We will channel more assistance from economically more developed regions, various departments, enterprises, and organizations toward the construction and development of poverty-stricken areas, in the form of poverty-relief efforts based on the exploitation of intellectual, scientific, technological, and human resources, and in the form of economic cooperation.

**3. We will work hard to invigorate state-owned enterprises and promote the development of the industrial and communications sectors.**

Further deepening enterprise reform; promoting enterprise restructuring, reorganization, and transformation; striving to invigorate large and medium state-owned enterprises; and improving quality and efficiency are this year's key economic tasks. We must concentrate on making a success of them.

We will earnestly implement relevant laws and regulations promulgated by the state; promote reform of three systems in an all-around manner; persist in separating government administration from enterprise management; change government functions; and grant enterprises decision-making power in operational matters. We will conscientiously institute an experimental modern enterprise system; strive for breakthroughs on some "thorny" issues; and promote overall reform. We will do a good job of reorganizing and restructuring a number of small and medium enterprises. In keeping with local conditions and the state of enterprises, we will continue various forms of reform, such as the shareholding system, the stock cooperative system, leasing, joint investment, cooperation, and corporatization. We will actively advance such pilot reforms as mergers, sell-offs, private operations under state ownership, and bankruptcies. We will develop enterprise groups through joint operations, integration, the institution of multiple systems in a single factory, and the introduction of foreign capital. Through the liquidity and realignment of property rights, we will expedite the conversion of enterprise operating mechanisms, and invigorate enterprises.



Aside from running state-owned enterprises well, we will continue encouraging and supporting the development of industrial enterprises under various forms of ownership, such as collective, private, individual, and partial or whole foreign ownership.

We will persist in technological transformation aimed primarily at improving economic efficiency; focus on restructuring the product mix; produce a number of readily marketable and high-quality products; and strive to lower costs by saving energy, reducing energy and raw materials consumption, and plugging loopholes. We will import more technologies in a step-by-step manner; promote the integration of science and technology with production; and support the application of new and high technology in upgrading conventional industries. We will fully implement the strategy of developing brand-name products; modernize the technology and equipment of enterprises in our region; improve the quality, technological standards, added value, and market share of products manufactured by enterprises in our region; and promote the technological progress of enterprises in an all-around manner. We will quicken the pace of establishing funds for technological transformation; raise money for technological transformation through all channels; increase investment in technological transformation; further increase the proportion of technological transformation funds in fixed asset investment; and selectively assist key enterprises and projects that occupy leading positions, as well as leading industries that can generate high economic returns, possess high technological standards and development prospects, and can promote the development of other industries, in accordance with the principle of giving prominence to key sectors and supporting superior and strong sectors. We must attach great importance to vigorously making preparations for technological transformation projects; institute and improve the responsibility system for technological transformation projects; deliver funds for such projects to the appropriate quarters; and ensure the completion of technological transformation tasks.

We should continued intensifying the activities of "transforming operational mechanisms, upgrading management, strengthening internal mechanisms, and improving efficiency;" guide enterprises to compete in the market; and enhance basic tasks for enhancing internal management; improve finance management and cost and quality control; earnestly implement "the two sets of rules" [Business Accounting Standards and the General Rules of Financial Affairs for Enterprises]; improve enterprise financial management and accounting systems; stick to the principle of linking wage rises with economic efficiency; strictly enforce the systems for cash management and settlement of accounts; accelerate capital turnover; and increase economic returns in the use of funds. Further efforts should made to implement the system of responsibility for halting losses and increasing profits and do a solid job in switching from red to black. We should reinforce marketing personnel; improve marketing methods, build a

solid marketing network, and strengthen sales work. We should conduct a thorough appraisal of fixed assets and circulating funds, settle claims and debts, and put an end to the illegal collection of fees, fines, and other charges from enterprises. We should pay greater attention to the composition and competence of enterprise leading bodies, improve the quality of all enterprise employees, formulate and constantly improve laws and regulations governing enterprise behavior, encourage enterprises to make constant readjustment and speed up supplementary reforms to meet the requirements of a socialist market economy. We should expand the scope of essential old-age pensions insurance for workers and staff, establish a community-based management system and service network for retired workers, continue to uncouple nonproductive and nonoperational units from enterprises, find jobs for surpluses personnel through multiple channels, implement the "re-employment project," strive to make substantive progress in the reform and development of a social security system based on pension insurance and unemployment insurance, and create a good external environment for enterprise reform.

We should continue enhancing overall coordination in production in the industry and communications sectors and study and solve existing problems and potential developments in these sectors. We should improve coordination in capital circulation, and, in line with the principle of "ensuring smooth flow, exercising regulation, and unfreezing circulation," support key, efficiently run enterprises; enterprises whose goods are wanted in the market; and the manufacturing of key products and prevent new product stockpiling and debt chains from forming. Inefficient enterprises or enterprises whose products are not wanted in the market must resolutely readjust their product structure and they should be given some financial help to do that. We should improve regulation and control over railway transport and do a good job in organizing transportation of essential goods. We should improve energy allocation to ensure normal operation of industrial and agricultural production. We should firmly implement the policy of "safety first with prevention of accidents as our main concern," implement production safety schemes in an all-around manner, strictly enforce safety regulations, remove hidden perils, and prevent major and exceptionally serious accidents to ensure safe operations of the entire economy.

**4. We should make vigorous efforts to increase revenue, cut expenditures, and ease financial shortages**

Contradictions between fund supply and demand are expected to get worse this year. Due to severe financial shortages, we are unable to fund many urgently needed projects, and it will be rather difficult to ensure operational funds for administrative departments and institutions and timely distribution of wages. We must be fully aware of the grim financial situation, be mentally prepared for hard work and austerity, and take resolute steps to increase revenue and reduce expenditure.

We should make positive efforts in support of the sustained development of production and construction, develop new sources of revenue, and cultivate new growth industries. We should strengthen tax collection and administer tax policy in accordance with the law. Except for those tax reductions or exemptions provided in laws, all other tax breaks should be, in principle, discontinued. Localities and departments, without exception, do not have the authority to reduce the tax on enterprises or allow them to retain more profits. Enterprises whose tax holidays have expired must immediately start paying tax. We should step up tax collection from the self-employed. It is necessary to crack down hard on such illegal acts as tax evasion and tax resistance, and set standards by law for tax collection and administration. We should make earnest efforts in clearing up tax defaults, with the emphasis on value-added and consumption tax defaults, and put an end to the misconduct of lowering tax rates and granting tax holidays without authorization. We should step up collection of local taxes, investment regulatory tax, tax for special agricultural and forestry products, taxes collected from the use of cultivated land for nonagricultural purposes, and personal income tax.

We should tighten the management of extrabudgetary funds. Our budget control will cover profits gained by enterprises through state investment, and the after-tax profits submitted by off-budget enterprises to financial departments. In addition to paying taxes according to regulations, entities and companies founded by government departments and state institutions shall pay a fee, based on their incomes, to units which own their assets for the use of such assets to supplement funding for relevant government departments and state institutions. No locality or department is permitted to set up private coffers nor arbitrarily issue subsidies under all sorts of pretexts. We must tighten the management of administrative fees in strict accordance with the eight stipulations stated in the "Circular on Including Administrative Fees in Budget Control," issued by the general office of the autonomous regional people's government. Those which violate state provisions by failing to submit their fees to the national treasury or deposit them in special financial accounts, but instead retain, divert, and use the money for other expenses, or secretly pocket it, will be punished according to relevant state provisions. Where the circumstances are serious, we will find out who is directly responsible, and conduct investigations and affix responsibility on relevant leaders. We should tighten management and prevent the loss of state assets, and ensure that the value of such assets is maintained or appreciates.

We will conscientiously and rigorously control expenditure by earnestly observing relevant provisions formulated by the autonomous region to rigorously control expenditure. The wage reform in government departments and state institutions, and the wage adjustment in

state-owned enterprises must be handled in strict accordance with the state and autonomous regional provisions, and allowances and subsidies that were increased without permission will be resolutely abolished. Staffing at government departments and state institutions will be strictly controlled. In principle, all levels of government departments in the autonomous region and state institutions that receive full budgets [quan e yu suan 0356 7345 7315 4615] should not increase their staffing except when students are assigned there or when army men are transferred there to undertake new jobs. "Festivities" and celebrations will be strictly controlled. Aside from the 40th autonomous regional founding anniversary and the "Urumqi Trade Fair," this year we will stop all "festivities" and "trade promotional" activities that do not produce actual results. We will control purchases. The quantity and use of vehicles in government departments and state institutions at all levels will be subject to tighter control; financial departments at all levels shall not appropriate funds for purchasing small cars. We will vigorously cut the number of meetings to a minimum, reduce outlay for meetings, rigorously control allowances for official trips, earnestly screen and reorganize internal publications, and simplify receptions. The use of public funds for trips abroad and for study and fact-finding trips to the inland will be rigorously controlled with the establishment of a system under which such trips have to be reported for examination and approval. The use of public funds to construct residences beyond the approved space and exceeding the stipulated standards will be resolutely stopped, and the use of public funds to install telephones in residences will also be rigorously controlled. Extravagant and wasteful practice, and the practice of using public funds to wine and dine, throw dinners, and present gifts will be resolutely halted.

We will continue to deepen the reform of the banking system. We will vigorously promote savings in urban and suburban areas, make good use of available funds, increase benefits from our funds, adopt effective measures to stop corrupt and unhealthy practices in loan-related activities, stop the practice of favoritism in granting loans, stem capital outflow, and ensure that our limited funds are used for production and construction. We will persevere in using diversified banking means and essential administrative and legal means to control inflation to create a fine banking environment for the rapid and healthy development of the autonomous regional economy. We will actively build policy-oriented banks to support the procurement of major agricultural and sideline products such as grain, cotton, and edible oils, and the construction of such infrastructural facilities and basic industries as communications and energy, and thereby apply the leverage of specialized banks in readjusting the economic structure and optimizing the distribution of resources. We will gradually separate policy-oriented from commercial banks, and build a network of banking organizations with state-owned commercial banks as the principal party and various forms of banking institutions existing simultaneously, and raise



more funds for economic development. We will earnestly tighten the management of financial markets, regulate fund-raising activities, and rigorously manage the foreign exchange, treasury bond, and share markets so as to standardize them and bring them onto the scientific track. We will further develop the social insurance service.

**5. We should step up the development of basic industries and infrastructural construction and enhance investment efficiency.**

We should continue to deepen reform of the investment system, strengthen and improve macroeconomic regulation and control on total investment and the investment pattern, and maintain a proper increase in the investment in fixed assets. We should attach prime importance to readjusting and optimizing the investment pattern, achieving a rational distribution of resources, and enhancing investment efficiency; and improve macroeconomic management. In particular, we should guide the investment made by investors with their own funds, strictly control the construction of nonproductive projects, avoid duplicate construction projects of low standards, and prevent blind expansion of construction scale in disregard of quality and efficiency. We should earnestly do a good job in continuing the construction of 24 major projects. They include the Hetian Wuluwati water control project, first-stage construction of the Tarim irrigation, drainage and environmental protection project, fourth-stage expansion of the Hongyanchi power plant, the Habahe Shankou hydroelectric power station, the Tiechanggou open-cut coal mine under the Urumqi Mining Bureau, prospecting and exploitation of the Xinjiang Oilfield, prospecting of the Tarim Oilfield, prospecting and exploitation of the Turpan-Hami Oilfield, the 140,000-ton Dushanzi ethylene project, second-stage construction of the Urumqi Petrochemical Plant's polyester project and chemical fertilizer project, auxiliary projects in connection with the double-tracking of the Lanzhou-Xinjiang Railroad, expansion of the Urumqi Airport, expansion of the Bayi Iron and Steel Plant, the Axi Jin Mine, and highway construction. We should concentrate funds on the construction of a number of key projects and ensure their completion and operation before the end of the year so as to create new productive forces. We should make good preparations to ensure an on-schedule start of six new projects, including the "635" water-drawing trunk canal project on the Ertix He and the irrigation project on the Tekes He. A further step should be taken to make good preparations for the extension of the Southern Xinjiang Railroad and actively strive for an early start of the project. We should step up the prospecting and exploitation of petroleum resources and the construction of relevant industrial projects. We should strive to take full advantage of local resources to increase the basis for economic growth. We should further improve the responsibility system for project owners and strengthen the restraining mechanism of the source of investment. We should institute and fine tune the engineering supervision system,

improve the management of construction projects throughout their construction process, and improve the engineering quality. We should actively widen the avenue of fund-raising and encourage and guide enterprises, collectives and individuals to invest and participate in the development of basic industries and in the construction of infrastructure projects.

**6. We Must Persist in the policy of opening our doors wide on every side and strive to expand the economic cooperation and trade with foreign countries**

Due to readjustment of state export policy, Xinjiang's cotton and sugar export will be subject to restrictions. We must make positive efforts to develop countermeasures and find new outlets. We must stick to the strategy of diversifying our trading partners and of giving top priority to quality. We should expand export by introducing flexible operational mechanism, expanding the sources of export goods, and developing new markets to ensure that this year's export will not be lower than last year's. We should promote reform of foreign trade enterprises and constantly improve the quality of enterprises and their competitiveness. We should adhere to a unified policy; grant greater management autonomy; ensure fair competition; coordinate among science, industry, trade, and agriculture; and proceed with efforts to establish an agency system, implement the strategy of "greater economic cooperation and trade" by forming, step by step, a multilevel, multichannel, and diversified export structure headed by the region's state-owned foreign trade corporations under which local foreign trade enterprises, foreign-funded enterprises, and private enterprises will cooperate and help each other forward. We should implement a policy of developing, step by step, a number of internationalized, industrialized, and, group-type comprehensive trading companies. While promoting export of traditional bulk agricultural produce, we should set our eyes on the whole nation in lining up goods for export and target the whole world as our market. We should improve the composition of export commodities, upgrade quality, develop products that yield a high added value, and accelerate development of export commodity production bases. We should earnestly sum up experience and lessons in developing local and border economic-trade cooperation, actively expand the scope of cooperation, and put an end to the passive position in local and border economic-trade cooperation through the implementation of flexible and diverse measures. We should improve management of foreign debts and establish a system of responsibility in servicing foreign debts in departments, localities, and enterprises.

We should devote more efforts to attracting foreign investment and developing lateral economic cooperation, formulate a long-term plan for introducing investment from abroad and establishing lateral ties at home, draw up a list of projects open to foreign investors, actively develop multidirectional economic association and cooperation with fraternal provinces, municipalities, and autonomous regions. We should utilize our



region's geographical and resources advantages, selectively draw in or receive industries that are to be shifted into the inland from coastal regions, and introduce more investment as well as high technologies, equipment, personnel, and management know-how from other parts of China and foreign countries to speed up our economic development. We should continue our efforts to make the "95 Urumqi Economic and Trade Fair" a success and implement incremental reforms to make the fair more efficient run and financial independent. Effective measures should implemented to ensure fulfillment of contracts signed in previous Urumqi Economic and Trade Fairs. We should take advantage of the "95 Chinese Folk Custom Tour" to develop new tourist attractions, improve tourist facilities and service, and attract more foreigners to visit and invest in Xinjiang to help advance Xinjiang's tourist industry and increase our foreign exchange earnings.

We should do a good job in opening our region up to the outside world, in developing economic and technological development zones and border economic cooperation zones, put into effect the preferential policy the state granted us, bring about a faster growth of the economic and technological development zones and border economic cooperation zones, make active efforts in advancing opening up of the southern part of Xinjiang. We should continue improving the facilities and administration of our ports and make them a showcase of civility.

**7. We should carry forward the spirit of plain living and hard struggle and promote economic development of the corps.**

The Xinjiang Production and Construction Corps should promote advance on all fronts while making breakthroughs in key fields, intensify reform, strengthen agriculture as the foundation of economy, and put the development of crop farming and stock raising on top of its economic agenda. They should pay special attention to grain production and ensure fulfillment of grain quotas. Efforts should be made to improve management and efficiency and fully utilize their strong points to invigorate the corps-run industry. They should opening up wider to the outside world, enliven commercial and trade exchanges, and promote economic cooperation and trade with foreign countries. Efforts should be made to increase worker income, improve the production and living conditions, and promote development and stability of the corps. Local authorities and the corps must support and help one another as they always did to bring about common development.

#### **On Spiritual Construction and Social Development**

**1. We should expedite scientific and technological development, and give priority to educational development.**

We should give full scope to the important role which science and technology play in economic construction, stabilize the ranks of researchers, increase research funds

through various channels, energetically popularize advanced technology, integrate science and technology with production, and upgrade production technology, labor productivity and economic performance. We should continue to restructure the management of science and technology and, in accordance with the principle of "stabilizing one end and opening up an area," actively and steadily reorganize the management of scientists and technicians so that scientists and technicians can be diverted to work for the development of nongovernmental institutions and privately-operated enterprises of science and technology. To improve workers' proficiency in science and technology, we should improve our operational network, stabilize the ranks of science promoters, and popularize science—especially scientific knowledge, scientific methods, and scientific thinking—on the basis of the "Opinions of the CPC Central Committee and the State Council on Intensifying the Popularization of Science and Technology." We should draw up the necessary preferential policies for attracting capital from various sectors for establishing high-technology enterprises and building the Urumqi High-Technology Industrial Development Zone. We should actively cultivate our technology market, develop agencies for technology trade and promote the work of turning scientific and technological achievements into productive forces. We should attach importance to the research of basic sciences and social sciences, to protecting intellectual property rights, and to safeguarding the legitimate rights and interests of scientists and technicians. We should promote scientific and technological exchange and cooperation among all sectors and, while giving play to the roles of experts and specialists in Xinjiang, intensify the efforts of bringing in technology, intellectual resources, and talented people from the outside. We should speed up the renewal of knowledge among scientists and technicians, improve their research capabilities, and pay attention to training cross-century leaders of various disciplines. We should speed up building the infrastructure of research facilities, and improve Xinjiang's combined scientific and technological strength.

We should earnestly implement the "Teacher's Law," and the "Outlines for China's Educational Reform and Development," really regard it a strategic policy to give priority to educational development, expediting the development of the educational cause, and training cross-century personnel who are morally, intellectually, and physically sound. We should give priority to popularizing the nine-year compulsory education, improve the teaching conditions of secondary and primary schools, and take effective measures to retain and increase the attendance rates and stop the phenomenon of students dropping out from schools. We should lessen students' burdens and improve the teaching quality. We should continue to optimize the educational structure, actively develop vocational and technical education, and establish the system whereby workers must be trained before they are placed at various posts. We should

develop adult education that underscores literacy education, on-the-job training and continuing education; improve the management of records of formal schooling; and firmly stop the phenomena of admitting students and giving out diplomas unscrupulously. We should seriously study the distribution of universities and colleges and their curricula. On the basis of maintaining their current sizes, we should restructure them in a timely fashion so as to make the establishment of colleges and curricula even more rational, to tap the potential of the existing educational resources, and to increase educational quality and efficiency. We should continue to give importance to the development of education for ethnic minorities. This year, Xinjiang's universities and colleges plan to admit 9,200 students, polytechnic schools plan to admit 20,000 students, and technical schools will admit 12,000 students. We should speed up building the infrastructure of the Xinjiang University, improve its overall quality, and make efforts so that it will become part of the state's "211" Project. We should continue to restructure the system of establishing schools and gradually form a new system whereby various social sectors will participate in establishing schools while the government assumes the main responsibilities in setting up schools. We should continue to reform the administration of education and schools by continuing to expand educational autonomy and establishing a rational educational system. We should promote economic prosperity in cities and rural areas by continuing to promote educational reform there. We should explore ways to restructure the systems governing admission of students into colleges and secondary schools, the fees they charge, and the employment of graduates. We should implement the guidelines laid down by the central and regional educational conferences and ensure the investments from financial departments at all levels. Meanwhile, we should also raise educational funds from all channels so that there will be better conditions for educational operations. We should continue to improve teachers' working, living, and housing conditions; build stronger contingents of teachers; and heighten teachers' awareness and their professional and teaching competence.

**2. We should improve the quality of people of all nationalities through developing cultural and health services and sports.**

While establishing a socialist market economic system, we must exert great efforts to intensify spiritual construction so as to promote progress in all social sectors. Under the principle that we should be firm in carrying out both material and spiritual construction, we should continue to educate the people of all nationalities in patriotism, collectivism and socialism; energetically promote among them the spirit of hard working, diligence, frugality, and selfless dedication; and educate them on social and occupational ethics so that, with a higher awareness and sense of ethics, they will consciously resist the inroads of such decadent ideas as money worship and pleasure seeking. Departments in charge of culture, art, radio and television broadcasts, journalism, and publishing must,

in accordance with the "Outlines for Education in Patriotism," play a main part in guiding propaganda affairs, foster the main theme of the time, insist on giving top priority to their social effects [she hui xiao yi 4357 2585 2400 4135], and insist on providing the proper guidance so that people of all nationalities will throw themselves into the grand cause of reform, opening up and modernization with full confidence. To publicize and promote Xinjiang, broaden Xinjiang's influence, and promote Xinjiang's opening-up endeavor, we should, in conjunction with publicizing Xinjiang's 40th founding anniversary, properly organize the "project of five ones" (namely: one good movie, one good television show, one good theatrical work, one good book, and one good article) so that there will be many literary and art works of good quality to show the major successes which people of all nationalities in Xinjiang have achieved over the last 40 years under the party's leadership as well as their spirit characterized by hard work and solidarity.

We should promote the reforms being carried out in the cultural, radio broadcast, movie-making, television, the publishing circles; and carry out the supporting policies and measures, and gradually establish the operating mechanisms compatible with their own development characteristics as well as the socialist market economy. To enrich and enliven the masses' cultural lives during their spare time, we should intensify our efforts in building the "corridor of the Silk Road and border cultures" as well as the infrastructure of rural cultures, broaden the scope of our radio and television broadcasts, improve the transmission quality, increase the number of book distribution centers, and encourage art creation. We should do a good job in preserving Xinjiang's historical relics. To purify our cultural market, we should tighten control over it, streamline our administrative organs and inspection networks, continue to crack down on pornography and lawless conduct, and harshly crack down on those felons who publish, print, and sell reactionary and pornographic publications.

We should continue to reform our medical and health services and, through improving compensation mechanisms and setting up health services, help health units expand their capacity for self-development and broaden their services so that they can effectively ensure the health of people of all nationalities. To develop and improve the cooperative medical system, we should give priority to improving the primary health care services in the rural areas, and strengthen the three-tiered grass-roots preventive and medical care network. To forestall the outbreak of major epidemics, we should follow through with the principle of "putting prevention first" and properly supervise disease prevention and the health and immunization services. We should draw up effective measures for improving the control of the pharmaceutical markets in cities and rural areas. Medical circles must firmly strengthen their ethical construction, establish a good norm of professional ethics, and improve the quality of medical services. We should promote sports in schools and among the masses, taking advantage of the



implementation of the "Outlines for the National Health Plan" and the "Outlines for Achieving Even Greater Honors at Olympic Games." We should actively prepare for holding the Eighth Regional Games and be well prepared for participating in the Eighth National Games. We should pool our material and financial resources and use them in projects at which we are good, and intensify training so as to achieve even better results this time.

We should continue to intensify planned parenthood. In accordance with the requirement that party and government leaders should take charge of the project themselves, they should continue to fulfill their assigned responsibilities for population control and planned parenthood; broadly educate the masses on this basic national policy; improve the family planning organs and service networks in all counties, townships, and villages; and improve the technology of birth control to make sure that the population's natural growth rate will be controlled to within 18.2 per thousand. To ensure the people's health, we should intensify enforcement of the environmental protection law, control cities' environmental and industrial pollution comprehensively, and earnestly improve our ecological environment.

**3. We should do a good job in maintaining stability and create a good environment for reform and development.**

We should consider the work of consolidating and promoting national unity as a fundamental and strategic task. We should continue to thoroughly and correctly implement the "Law on Regional National Autonomy" and the guidelines of the second national meeting on commending advanced units and individuals in promoting national unity. We should concentrate our efforts to effectively strengthen Marxist concepts on nationalities. We should strengthen the propaganda and education of the party's policies on nationality and religious affairs. We should educate people of various nationalities to "share weal and woe and be of one heart and mind." We should do solid work in nationality and religious affairs. We should encourage people of various circles at all levels in the region to consciously implement the party's policy on nationality affairs. We should constantly consolidate and develop a socialist relationship among people of various nationalities on the basis of equality, mutual assistance, unity, cooperation, and common prosperity. The third regional meeting to commend advanced units and individuals in promoting national unity will be held this year. We should give full play to the role of typical models in promoting national unity, further unfold activities of promoting national unity, and raise the activities of creating advanced units and individuals in promoting national unity and unity between the Army and people to a new high level. We should continue to unfold activities of supporting the Army and giving preferential treatment to military dependents and of supporting the government and cherishing the people. We should effectively strengthen unity between the Army and the government, between the Army and people and between local people and the

construction-production corps and enterprises under the administration of the central authorities. We should prevent and solve new problems and contradictions emerging in society under the new situation. We should eliminate unstable factors in their embryonic stage. We should vigorously support the Army's work, strengthen education on national defense, and enhance the people's consciousness of national defense. We should seriously strengthen the building of militia and reserve forces to strengthen national defense in the new period.

We should maintain a high degree of vigilance, closely watch the trend of hostile forces within and outside the country; seriously fight subversion, infiltration, and sabotage; oppose national splittism; and protect the unification of the motherland. We should continue to launch struggles against "serious crimes," resolutely fight against those who violate criminal and economic laws, and penetratingly unfold struggles against theft, drugs, and other crimes. We should vigorously strengthen the comprehensive management of public security, and resolutely eliminate all kinds of unhealthy phenomenon in society. We should continue to strengthen legislation of laws, enact administrative rules and regulations to improve government administration and guide people's behavior, and promptly submit draft laws to the provincial people's congress and its standing committee for examination and approval. Meanwhile, we should continue to revise or cancel policies and regulations which cannot suit the need of socialist market economy. We should strengthen education on the legal system for all people, effectively strengthen supervision over the implementation of laws, raise the quality of law enforcement personnel, enhance the legal knowledge of cadres of various nationalities and their consciousness of performing official tasks and doing things according to the law, and gradually use the legal system to protect the socialist market economy and other social activities.

**4. We should show concern for people's living conditions and do practical things for the masses.**

We should consider the work of improving people's living conditions as an important government work. We should make efforts to raise the actual living standards of people in urban and rural areas on the basis of developing the economy, and strive to bring actual benefits from reform and opening up to the broad masses. We should effectively grasp the building of cities, towns, and villages; attach importance to improving communications in rural areas; and promote road construction in townships and villages. According to the unified arrangement of the state, we should accelerate reform of the housing system, step up the building of houses for people, improve social services, and firmly implement the "living in contentment" project of the autonomous region. Governments at various levels should attach importance to promptly solving "hot issues" and "difficult problems" in society. We should constantly unfold activities of showing concern for those people who have lost their spouse or are ill and disabled. In particular, we



should make arrangements to help the livelihood of workers of enterprises with special difficulties, retired workers, low income families, poor households in rural and pastoral areas, and students with special difficulties. We should strengthen training for unemployed workers and actively create opportunities and help them find new jobs. We should strengthen civil affairs work, do prompt work in aiding people suffering from natural disasters, and effectively make arrangements for production and the livelihood of people in areas hit by natural disasters. We should pay attention to the work of aiding handicapped people, and promote the development of various kinds of welfare undertakings in society.

This year is the 40th anniversary of the autonomous region's founding. In celebrating the occasion, the autonomous regional party committee and people's government have decided to focus on doing practical and worthwhile things in a down-to-earth manner for people of all ethnic backgrounds by solving problems related to medical care, drinking water, and electricity for peasants and herdsmen. This decision fully reflects the wishes and demands of cadres and people of all ethnic backgrounds; it constitutes our government's major initiative to improve people's living conditions and ensure the public's health. This year will bring to an end our effort to dismantle hazardous buildings that serve as small-town hospitals, and to provide such hospitals with personnel, equipment, and premises. We must complete the project of continuing the construction of 164 hospitals, and of remodeling and expanding 136 hospitals by 1 October [the anniversary date]. The project includes apparatus and equipment acquisitions and personnel training. The region has formulated plans for improving drinking water quality, under which the problem of supplying clean drinking water to 3.7 million people will be solved in three years' time. We should earnestly implement the plans, raise money for improving drinking water quality through various channels, and strive to complete projects that will provide clean drinking water to 1.25 million people within this year. We will conscientiously solve the problem concerning counties without electricity and ensure that all relevant projects will be completed on schedule. All localities and relevant departments should provide supplementary funds, undertake painstaking organizational efforts, inspect progress on a regular basis, ensure project quality, and properly carry out the aforementioned major tasks which have a bearing on people's vital interests so as to greet the 40th anniversary of the autonomous region's founding.

**5. We will improve our work style and intensify our efforts to promote clean and industrious government.**

As public servants, government functionaries must improve their ideological standards and work style; carry forward the practical, truth-seeking, hard-working, and plain-living spirit; and wholeheartedly serve people's interests. We will pay close attention to carrying out

organizational reform—mainly in party, government, and public institutions—with functional change forming the crucial part of reform. We will take great pains to organize this reform in accordance with the principles of “overall planning, step-by-step implementation, and introduction in stages,” and work for its basic completion by year's end. Moreover, we will actively but prudently promote the civil service system in conjunction with organizational reform. Government functionaries, especially leading cadres, must learn more, emancipate their minds further, acquire new concepts, constantly improve their political and professional credentials, vigorously promote the practice of conducting investigations and study, go deep into the realities of life, go down to the grass roots, identify during the course of practice major problems that demand immediate attention or intractable problems that brook no delay in solution for selective investigations and study, and propose countermeasures for solving them. We should share weal and woe with the masses, treat them with all sincerity, show devotion in our actions; cut down on empty talk, do more practical things for people, and solve practical problems. We should match our words with our deeds; concentrate on putting our words into practice, exercising supervision, and conducting inspections; and implement to the letter various state and autonomous regional policies and measures at the grass-roots level.

We will implement the system under which leading bodies at all levels are responsible for attaining certain objectives during their tenure, and improve cadre management and evaluation. Government organizations at all levels should improve guidance, pay attention to coordination, deal with matters in an open and fair manner, make things more visible to the public, improve efficiency, and gradually institute a sound democratic, scientific, and efficient decision-making system. We will overcome bureaucratism, formalism, and the tendency toward boastfulness and exaggeration. We will oppose lies, tighten discipline, correct the practice of ignoring orders and prohibitions, and ensure the smooth implementation of policies and decrees. We will continue to wage a thoroughgoing anticorruption drive, and further intensify our efforts to promote clean administration, focusing on leading organs, administrative and law-enforcement departments, judicial organs, and economic administrative departments. We will continue to promote honesty and self-discipline among cadres at or above the county (department) level. Moreover, we will set similar demands for government functionaries at or above the township (section) level. Leading cadres at state-owned enterprises should also be subject to greater supervision and restraint in accordance with the four self-discipline demands laid down at the Fifth Plenary Session of the Central Discipline Inspection Commission. We will continue to stop the “three indiscriminate practices;” resolutely remedy unhealthy tendencies in all trades and professions; earnestly sort out randomly collected fees; and conscientiously alleviate the burdens of enterprises and people. We will pay attention to and

seriously handle people's grievances that are filed through the mail or by personal visits. We will accept, on our own initiative, supervision from the people's congress and its standing committee over the government's work; earnestly process proposals and motions filed by people's congress deputies and Chinese People's Political Consultative Conference members; listen with an open mind to the views and suggestions of various democratic parties and people in all walks of life regarding the government's work; and genuinely place the government's work under the supervision of people of all ethnic backgrounds.

Fellow deputies: This year is crucial to realizing the "Eighth Five-Year Plan." The new situation is compelling, and the tasks we face are even more arduous. We

should courageously shoulder our heavy historical responsibility, and confidently achieve the magnificent goal of rejuvenating Xinjiang. Now that the major policies, goals, and tasks have been laid down, the key lies in implementing them in a thorough and down-to-earth manner. Let us mobilize people of all ethnic backgrounds in the region to work with one heart and one mind, strive for regional prosperity, forge ahead in a pioneering spirit, work diligently, and greet the 40th anniversary of the autonomous region's founding with an energetic attitude and outstanding achievements under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the leadership of the party Central Committee, State Council, and autonomous regional party committee.

### Li Teng-hui's 6-Point Response Analyzed

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SHE in Chinese 1203 GMT 10 Apr 95

[Special article by reporter Zhong Min (6945 2404): "Li Teng-hui Has Nothing New To Offer in His Six-Point Program"]

[FBIS Translated Text] Hong Kong 10 Apr (ZHONGGUO TONGXUN SHE)—After pondering the issue for two months or more, Li Teng-hui eventually set out his response to Jiang Zemin's eight-point proposal on promoting reunification of the motherland, namely his six-point program set out at Taiwan's "National Unification Council." Leaving aside the contents of the program in question, Li Teng-hui's six-point program in response to Jiang Zemin's eight-point proposal doubtlessly and objectively has created a precedent for dialogues across the sea between the leaders of Taiwan and mainland China.

Li Teng-hui's recent response to Jiang Zemin's proposal was progress, compared with his past responses in vicious language. In his second and third points, Li was for the idea in "Jiang's eight-point" proposal on "strengthening cross-strait exchanges on the basis of Chinese culture," and he agreed to further pushing forward cross-strait cooperation in information, academic studies, science and technology, and sports. In addition, he was for "Jiang's eight-point proposal" on "promoting cross-strait economic and trade ties so as to develop a cross-strait relationship of mutual benefit and complementarity, while holding the view that cross-strait trade and transportation can be linked when conditions are ripe and with planning by related departments. This response is well-intentioned, and should be affirmed.

However, in his response at the political level, Li Teng-hui harped on the same old tune. In his eight-point proposal, Jiang Zemin's most clear-cut stand is adherence to the one-China principle, while opposing the idea of "separation and divided rule," and whatever activities are stamped with "two Chinas," "one China, one Taiwan," or "Taiwan independence." This point should be the basic stand with which any Chinese must identify. However, the very first point, which makes clear from the start the purpose and main theme of his six-point response, Li Teng-hui required precisely that mainland China acknowledge "the reality of divided rule between Taiwan and the mainland," holding that only then would it be possible to "explore the feasible way for national reunification," and to reach common understanding in the implication of "one China." This reflects Li Teng-hui's continuing to rely on the situation by which Taiwan and the mainland are temporarily separated, while doing his utmost to maintain the pattern of "divided rule" and rejecting the proposal on pushing forward the reunification of China.

Such being the case, Li Teng-hui set out all sorts of "prerequisites," with the aim of delaying cross-strait

talks on ending hostility. In the fifth point in his program, he demands that the CPC "officially announce refraining from a resort to force against Taiwan, Penghu, Jinmen, and Mazu," before conducting preparatory negotiations "to explore the issue of how to hold talks on ending hostility between the two sides. According to logical procedures, the two sides first must hold talks on ending hostility, with both sides making commitments, before an agreement can be reached. Li Teng-hui's response is characterized by putting the cart before the horse.

As every one knows, the most original idea in Jiang Zemin's eight-point proposal is for the leaders of the two sides to meet—either in the mainland or Taiwan—and to hold talks on the peaceful reunification of China. As an initial step prior to that, the two sides may conduct talks on officially ending cross-strait hostility, and reach an agreement under the one China principle. On this basis, the two sides may share obligations to safeguard Chinese sovereignty and territorial integrity, while planning for cross-strait relations from now on. The core of Jiang Zemin's proposal is adherence to "one China," and the two sides' making a commitment to share the obligation to oppose foreign invasion of Taiwan and oppose Taiwan independence. Li Teng-hui, however, demanded that the CPC first give up the resort to force against Taiwan as a prerequisite for talks between the two sides. Objectively, this can only encourage "Taiwan independence" or "independent Taiwan."

The fourth point in Li's program demands that "the two sides join international organizations on an equal basis. By relying on this, the leading members of the two sides will meet naturally." The basis of this point is to demand that the mainland acknowledge that Taiwan is an independent political entity, while moving China's "family affair" into the international arena. Mainland China will never accept this. Political observers here indicated that Li Teng-hui's program obviously shows that he has absolutely no intention of meeting Jiang Zemin in the immediate future, thereby evading the issue of "the reunification of China."

Worthy of note is the fact that the last point in Li's program "advocates" joint efforts by the two shores to maintain the prosperity of Hong Kong and Macao, and to promote democracy in the two regions. Without doubt, this is an "improper" side issue to raise because Taiwan has never had any say in the matter of Hong Kong, from the Sino-British talks to the decision on Hong Kong's return to China, and the formulation of the Basic Law. The Hong Kong issue is one between China and Britain, and there is only one China, namely the PRC. That Li Teng-hui set out the need for joint efforts to "maintain the prosperity and democracy in Hong Kong and Macao" at this particular moment aims precisely at intervening in the Hong Kong and Macao issue. Observers believe that this is precisely a laughingstock in Li Teng-hui's six-point program.



**Reportage on Upcoming Mainland-Taiwan Talks****Talks Not To Include Negotiations***OW1304035095 Taipei CNA in English 0114 GMT 13 Apr 95***[By Benjamin Yeh]**

[FBIS Transcribed Text] Taipei, April 12 (CNA)—A second round of high-level talks between Taiwan and Mainland China will shy away from discussion of ways to end decades of hostilities between the two sides, a ranking government official said Wednesday [12 April].

"Under the present circumstances, the two sides cannot possibly exchange views on ways to end hostilities between Taiwan and the Chinese mainland and on the arrangement for a meeting between leaders of the two sides," Hsiao Wan-chang, chairman of the Mainland Affairs Council (MAC), said in a question-and-answer session at the Legislative Yuan.

His statement referred to a condition Taipei has attached to bilateral political negotiations. In May 1991, Taiwan stopped regarding the Chinese communists as a rebel group, but Beijing refused to reconsider its view of the Republic of China [ROC] on Taiwan.

In his address to the National Unification Council last Saturday, president Li Teng-hui said the two sides can work out ways to end hostilities only if Beijing renounces its attempt to take Taiwan by force.

Hsiao said a number of problems have resulted from cross-Taiwan Strait exchanges, and those issues must be solved through negotiations.

"How can we expect negotiations to solve political problems even when technical affairs cannot be solved through such talks," Hsiao said.

The heads of Taiwan's semi-official Straits Exchange Foundation (SEF) and the mainland's Association for Relations Across the Taiwan Strait met for the first time in Singapore in April 1993. Since then, the two sides have held seven rounds of talks to tackle technical affairs, but they still cannot agree on the repatriation of hijackers and illegal mainland immigrants as well as fishing disputes.

Yet, Hsiao emphasized Taiwan is willing to explain to the mainland Li's six-point statement during the proposed second high-level meeting in case Beijing is uncertain about any points.

**Should Foster 'Favorable Atmosphere'***OW1304113895 Taipei CNA in English 0946 GMT 13 Apr 95***[By Lilian Wu]**

[FBIS Transcribed Text] Taipei, April 13 (CNA)—The next round of talks on non-political issues between the

two sides of the Taiwan Strait should be conducted in a way conducive to forging a favorable atmosphere between the two sides, C.F. Ku, chairman of Straits Exchange Foundation (SEF) said Thursday.

When asked about Mainland China's suggestion that the second Ku-Wang meeting be held in August, Ku said that he had not learned of the matter, but would prepare for such a meeting.

Ku and his mainland counterpart Wang Daohan, chairman of the Beijing-based Association for Relations Across the Taiwan Strait (ARATS), held a historic meeting in Singapore in April 1993, laying the framework for future regular dialogues and contacts between the two intermediary bodies.

Both SEF and ARATS were set up to handle civilian exchanges between the two sides of Taiwan Strait.

Since the first Ku-Wang meeting, SEF and ARATS have held seven rounds of talks on technical issues, but have not yet reached agreement on the issues of repatriation of hijackers, illegal immigrants, and the solution to fishery disputes.

Ku stressed that the second Ku-wang meeting will not discuss ending cross-strait hostility.

He suggested that the meeting concentrate on Hong Kong's return to mainland Chinese rule in 1997, the protection of intellectual property rights and a bitration of trade disputes between the two sides of Taiwan Strait.

**Experts Address CNA-Sponsored Forum***OW1304063795 Taipei CHUNG-KUO SHIH-PAO in Chinese 10 Apr 95 p 1*

[FBIS Translated Text] Mainland Affairs Council Chairman Hsiao Wan-chang pointed out yesterday: To expand cross-strait exchanges, to promote consultation in a realistic way, and to develop cross-strait relations smoothly, responsible government departments will allow mainland's experts in the fields of trade, communications, and agriculture to visit Taiwan in the very near future. Chiao Jen-ho, vice chairman and secretary general of the Strait Exchange Foundation [SEF] stressed: The Ku-Wang talks are an excellent channel for relieving cross-strait tensions. The policy-making departments should seize the opportunity to plan the second Ku-Wang meeting as soon as possible.

On the issue of future cross-strait consultations, Hsiao Wan-chang and Chiao Jen-ho put forward the aforementioned viewpoints, at a forum organized by the Central News Agency [CNA] on 9 April. Hsiao Wan-chang emphasized: More and more problems have cropped up in exchanges between the two sides across the Strait; therefore, exchanges and consultation should be undertaken at once. Indeed, there is a pressing need to systemize the consultations and to conduct more consultations at different levels and on a regular basis.

However, this depends on the Chinese communist authority's realistic response.

Hsiao Wan-chang maintains that the consultations between the SEF and the Association for Relations Across the Taiwan Straits [ARATS] have been held systematically. However, we should improve the effect of the consultation. He said: If the two sides are unable to resolve technical issues, how can they promote higher-level exchanges and cooperation. As for the planned second Ku-Wang meeting's agenda, schedule, and venue, we need to coordinate with the mainland side, as decisions cannot be made unilaterally.

Hsiao Wan-chang emphasized the although economic and trade exchanges were the main theme in the future cross-strait exchange plan, we should give priority to cultural exchanges. He also revealed: To show our willingness to promote cross-strait exchanges, responsible government departments will promulgate relevant regulations, in the very near future, on allowing mainland experts in the fields of trade, communications, and agriculture to visit Taiwan.

Chiao Jen-ho said: Judging by Chiang Tse-min's [Jiang Zemin] eight-point statement and President Li Teng-hui's response, the two sides have showed willingness to resolve problems. Since the two sides are not equal on many international occasions, and the meeting between the two sides is an equal occasion, the Ku-Wang talks are the best channel for relieving cross-strait tensions.

Chiao Jen-ho pointed out: In the past, much time was wasted because some responsible departments were indecisive about our mainland policy. We hope that, following President Li's speech, our mainland policy will become clear and that responsible departments can utilize their capabilities and judgment to hold sway over ideology and theory with a broad vision, in carrying out consultations with the mainland.

#### **Cabinet Approves Mainland Business Visit Statute**

OW1304041695 Taipei CNA in English 0144 GMT 13 Apr 95

[By Bear Lee]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—The Executive Yuan Wednesday [12 April] approved a statute which will allow mainland Chinese to visit Taiwan for business purposes.

Under the statute, scheduled to take effect upon promulgation April 17, the following categories of mainlanders will be allowed to visit Taiwan if invited: top executives and senior technicians from mainland companies invested in by Taiwanese, overseas Chinese and foreigners; executives and senior technicians of leading private mainland firms; officials and technicians in mainland businesses which do more than U.S.\$1 million

in annual business with Taiwan companies; and mainlanders who have lived overseas for more than four years and have been employed for at least one year.

Invitations can be issued by: local companies which have legally invested more than U.S.\$500,000 in the mainland or those companies with a paid-in capital of at least NT\$30 [new Taiwan dollar] million (U.S.\$1.19 million) and having business connections with the mainland; nationwide trade organizations; arbitration bodies; and civilian bodies supported by the cabinet.

Economic Affairs Minister P.K. Ching said the visits are expected to greatly help promote mutual understanding between the two sides and boost Taiwan's market share in the mainland.

He said that in principle each applicant will be able to invite no more than three mainlanders each year.

Chiang added however that only the arbitration bodies, national trade organizations and the government-supported civilian bodies are allowed to apply for visits by mainland economics and trade officials.

Meanwhile, the Mainland Affairs Council [MAC] said Wednesday that it is aggressively evaluating the advantages and disadvantages of allowing the mainland's Taiwan affairs officials to visit Taiwan.

MAC said that mainland's Taiwan affairs offices at various levels employ more than 300,000 workers.

If the conclusion is positive, a small revision of related regulations is necessary before the mainland officials are allowed in, the council said.

#### **Authorities Deny SRV Charge on Spratly Reef**

OW1304090295 Taipei Voice of Free China in English 0200 GMT 13 Apr 95

[FBIS Transcribed Text] In another escalation of attention surrounding the Spratly Islands, Vietnam Tuesday [11 April] lodged a new protest against the Republic of China [ROC]. Vietnam accused the ROC of illegally occupying a reef 3.5 nautical miles from the Vietnamese base and building structures there. But ROC military authorities strongly denied the charge, saying the only structures ROC troops have built are on Taiping Island.

Taiping Island is the largest of the Spratly Islands and is claimed by the ROC. The ROC maintains a garrison of marines on the island. Last week, the ROC aborted a mission of three police boats sent to the Spratly Islands to erect a stone tablet on Taiping Island. The boats were turned back halfway after Vietnam and the Philippines registered formal protests.

ROC President Li Teng-hui has continued to stress that the ROC advocates the joint development of the Spratlys. Six nations claim all or part of the Spratlys. Five of these maintain a military presence in the area. Speculations that the islands are rich in oil have fueled

conflicts over the sovereignty. The region is also a major fishing ground. Vietnam has previously claimed that the ROC troops fired on one of its supply vessels.

### More Coverage of Guinea-Bissau President's Visit

#### President Supports UN Bid

OW1304040695 Taipei CNA in English 0127 GMT 13 Apr 95

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—Guinea-Bissau President Joao Bernardo Vieira said Wednesday [12 April] that his country firmly and unconditionally supports the Republic of China's [ROC] bid to re-join the United Nations, citing the remarkable economic achievement of the ROC, which he said is a textbook model for developing countries.

Vieira made the remarks in a news conference at the Far East Plaza Hotel.

While hailing President Li Teng-hui as an outstanding statesman and leader, Vieira said he will deliver a speech at the UN's 50th anniversary meeting to publicly back the ROC's UN membership and calling on other UN members nations to join forces with him.

Before his departure Thursday, Vieira and Li will sign a joint communique reaffirming the solid ties between the two countries. Vieira will also personally invite Li to visit Guinea-Bissau.

In a meeting with Premier Lien Chan Wednesday, Lien expressed the hope that substantive relations between the Republic of China and Guinea-Bissau will be further strengthened based on traditional bilateral cordial ties.

Echoing Lien's view, Vieira stressed that the two countries should continue boosting exchanges in all fields, and gave thanks to Lien for the assistance and help that the ROC extended to his country.

Earlier in the day, Foreign Affairs Minister Chien Fu conferred an Order of Brilliant Star With Grand Cordon on his Guinea-Bissau counterpart, Ansumane Mane, in recognition of his contributions to promoting cooperative ties between the two countries.

Vieira and his entourage arrived in Taipei last Friday for an eight-day visit. They have visited President Li Teng-hui, the Ministry of Economic Affairs, the Council of Agriculture, the National Palace Museum, and other cultural and economic establishments.

#### Li, Vieira View Ties

OW1304113795 Taipei CNA in English 0932 GMT 13 Apr 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 13 (CNA)—President Li Teng-hui and Guinea-Bissau President Joao Vieira signed a joint communique in Taipei Thursday reaffirming their commitment to strengthening relations between the two countries.

The communique said Li and Vieira are satisfied with existing cooperative ties between the Republic of China [ROC] and Guinea-Bissau, and agree to further expand bilateral cooperation based on current achievements.

"The two sides will faithfully carry out various cooperative projects outlined in an agreement signed at the conclusion of the first meeting of the ROC-Guinea-Bissau mixed commission held here on April 7-11," the communique said.

Under the agreement, the ROC promises to provide expanded assistance to the West African country and to strengthen bilateral technical cooperation in agriculture, health care, fisheries, trade, news media and vocational training.

The communique said Li and Vieira have exchanged views on a range of international, regional and bilateral issues of mutual concern.

"The two agree that heavy foreign debts, limited international trade, a capital crunch and environmental pollution are major hindrances to economic development in the third world countries," it added.

The two leaders also pledge to do their part to help promote peace and democratization in Africa and to boost regional economic cooperation in Southeast Asia.

In the communique, Vieira reaffirms Guinea-Bissau's firm support for the ROC's bid to join the United Nations and other major international organizations.

Earlier in the day, Vieira bid farewell to Li, expressing his appreciation for the hospitality extended to him by the ROC government and people during his stay here.

Vieira told Li that he was impressed by the rapid progress the ROC has made in various fields since 1990 when he made his first visit to Taiwan. "I'm particularly impressed by the diligence of Taiwan farmers and their highly advanced crop-improvement expertise," he said.

For his part, Li said the ROC has rich experience in agricultural technology development, farmer training and product promotion, and is willing to share such experiences with Guinea-Bissau.

Vieira, who was elected president in multi-party elections last year, and his entourage left Taipei Thursday after a week-long visit here.

The ROC and Guinea-Bissau resumed full diplomatic ties in May 1990. The ROC currently runs a teaching hospital and maintains a 15-member agricultural technical mission in the French-speaking West African country.



Under the agreement reached in Taipei Tuesday, the ROC promises to help Guinea-Bissau realize its goals of self-sufficiency in agriculture, training of new talent, and laying a strong basis for further development.

**KMT National Congress Scheduled for Aug**  
*OW1304021395 Taipei CNA in English 0107 GMT 13 Apr 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—The second meeting of the Kuomintang [KMT] 14th National Congress will be held Aug. 19, or a week earlier than originally planned.

Huang Chin-feng, a Kuomintang official, said that the decision to change the date has no special significance, but it makes the meeting fall almost exactly two years after the first, as stipulated in the KMT charter.

The KMT had originally planned the second meeting between Aug. 25 and Aug. 27. The third plenary meeting of the Central Committee was also slated for the afternoon of Aug. 27.

The meeting will now open Aug. 19, with the plenary meeting on the afternoon of Aug. 20.

Huang said congress participants will hear reports on party affairs, international affairs and cross-Taiwan Strait relations.

Proposals for the nomination of a KMT candidate for the 1996 presidential election will also be discussed during the congress.

**Taiwan To Screen Southeast Asian Tourists**  
*OW1304120395 Taipei CNA in English 0840 GMT 13 Apr 95*

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, April, 13 (CNA)—Beginning July 1, passengers arriving in Taiwan from Southeast Asian nations will be required to make [as received] a health declaration to help prevent the spread of infectious diseases, a Department of Health official said Thursday.

Wu Tsung-neng, director of the national quarantine service, said that a health declaration form will be distributed to passengers arriving by air from Southeast Asia. The form asks the tourists about their general health and which nations they have visited in the past 10 days. The forms also ask the tourist to report any vomiting, diarrhea or fever.

Wu said that tourists which report such symptoms will be checked by health personnel upon arrival. Treatment will also be administered for any maladies.

Wu noted that Taiwan first asked tourists to make health declarations in the 1970s when malaria was a serious problem. But the declaration was scrapped in 1988 after an increase in tourists overloaded the department.

However, as 20,000 people travel to or from Taiwan each day, the potential for spread of infectious diseases remains, Wu said.

The national quarantine service has required tourists arriving from Bali, Indonesia to make a health declaration since April 1, after two Taiwan tourists contracted cholera there.

Since then, two more suspected cholera carriers were discovered, Wu added, pointing to the declaration's effectiveness.

Due to a limited budget and manpower, the quarantine measure will be implemented in stages, Wu said. The declaration will be required from passengers arriving from Hong Kong and Thailand soon and will then extend to all tourists from Southeast Asian nations on July 1.

Wu said that in the future, tourists coming from areas and nations cited by the world health organization as disease zones will face random quarantine checks.

**1st Quarter Foreign Investment Down 55 Percent**  
*OW1304043295 Taipei CNA in English 0153 GMT 13 Apr 95*

[By Flor Wang]

[FBIS Transcribed Text] Taipei, April 12 (CNA)—Taiwan's foreign investment dropped to U.S.\$236 million in the first quarter of this year, down 55 percent from the same period last year, the Ministry of Economic Affairs said Wednesday [12 April].

The United States remained the most preferred investment site among local investors over the last three months, absorbing U.S.\$112 million, a 392 percent increase from the previous year. The Philippines, Singapore, Indonesia, Malaysia, Vietnam and Thailand followed in descending order. Local investment in the Philippines posted the highest growth of 2,611 percent in the three-month period, according to the ministry.

Meanwhile, the government approved U.S.\$236 million in indirect investment in Mainland China in the first three months of the year, down 4 percent from the same time last year, statistics released by the ministry showed.

Taiwan investors poured the greatest amount of capital into Jiangsu Province, which attracted U.S.\$99.1 million. Guangdong Province took second place, followed by the provinces of Zhejiang, Hebei and Shandong. Investment in Shandong Province grew the most by 728 percent compared to the year earlier.

Domestic investment in foreign markets went largely to financial services, electric and home-appliance manufacturing, wholesale businesses, and the textile industry, while investment on the mainland focused on the electric and household appliance industry, and the chemical and textile sectors, ministry officials added.

Meanwhile, aggregate overseas Chinese and foreign investment in Taiwan rose 53 percent to U.S.\$418 million in the first quarter. Overseas Chinese invested U.S.\$26.5 million in the Taiwan market, while foreign investors contributed U.S.\$392 million.

Overseas Chinese in the Philippines, topping those in other countries, made the largest investment by channeling U.S.\$13.3 million into Taiwan during the same period.

The U.S. remained the leading foreign investor in Taiwan, with U.S.\$192 million, according to ministry statistics.

The local chemical industry was the big winner, attracting 42 percent of the total overseas Chinese and foreign investment in Taiwan in the first three months, ministry officials said, adding that the electric and home-appliance industry, foreign trade and services sectors were also preferred choices by overseas Chinese and foreign investors.

## Hong Kong

### Editorial Views Chen Yun's Death

HK1304054895 Hong Kong SOUTH CHINA  
MORNING POST in English 13 Apr 95 p 18

[Editorial: "Political Immaturity"]

[FBIS Transcribed Text] Chen Yun will be remembered as a Long March veteran, as a cautious leader who opposed the madness of the Great Leap Forward and the cynicism of the Cultural Revolution and as a founding father of modern China.

But for now, his death is assessed primarily in terms of what it means for succession to the leadership of Deng Xiaoping. If there were any doubt that Chen's death was primarily a political event, it was dispelled by Xinhua (the New China News Agency), which took more than 28 hours to release an obituary for the 90-year-old, who is believed to have been near death for months.

"We must turn our pain into strength and closely unite around the central committee with Jiang Zemin at the core. Chen played an important role in major decisions for a smooth transition," Xinhua said in an attempt to buttress the position of President Jiang and his associates. It is a measure of the partial failure of Chen's generation of leaders that his death was demeaned in this way.

It is easy to overlook the idealism of the early leaders of the Chinese Communist Party, who risked torture and death to free the Chinese people and to make China great. The standard of living of peasants and city-dwellers in much of China bears testimony to how much has been achieved. It is unfortunate that those achievements were made only after 40 years of ideological excesses and power struggles.

China's current economic strength is ultimate testimony to the achievements of the Long March generation of leaders—particularly Deng Xiaoping—but the reaction to Chen's death is a reminder of the distance the country has yet to travel before it reaches political maturity. The future of 1.2 billion people is too important to be decided by the health of ageing men such as Mr Deng, no matter how great their contribution to China.

Chen was not known as an enthusiastic supporter of Mr Deng's reforms, and a fair evaluation of his contribution will probably have to wait until Beijing becomes a little less coy about policy debates among senior leaders. China must develop a political system that encourages ability and rewards achievement, rather than one that encourages patronage and rewards subservience. So long as natural deaths remain political events in China, the country is unlikely to fulfil its potential.

### 'Roundup' Views Reclamation Projects

OW1304034495 Beijing XINHUA in English 0321  
GMT 13 Apr 95

["Roundup: Reclamation Projects in Hong Kong Blasted"]

[FBIS Transcribed Text] Hong Kong, April 13 (XINHUA)—The reclamation projects of the Hong Kong government have come under fierce attacks by urban planning experts attending an international conference being held here.

Speaking at the two-day conference entitled Planning Hong Kong for the 21st Century, A.A. Laquian, an urban planning expert, described the projects as "not sustainable."

The reclamation projects refer to the large scale reclamation of Victoria Harbor, a major scenic spot in the territory.

According to the projects, a total of 1,300 hectares of Victoria Harbor will be reclaimed, of which 661 hectares of reclamation have already been completed.

The approach had been espoused by traditional economists who focused only land value, Laquian said.

He urged the Hong Kong government to rethink its approach since it would affect the quality of life in the territory through the massive increase in pollution.

Hong Kong needed to take a multimodal development strategy in which development would occur in surrounding areas instead, he suggested.

Strategic planning will require that Hong Kong now initiates discussions with authorities in the Pearl River Delta region, he said, adding that the future of the territory lies in being a part of southern China.

Laquian, a prolific writer of books and articles on international urbanization, is the director of the Center of Human Settlements and professor of community and regional planning at the University of British Columbia.

Laquian's criticism of the reclamation projects in Hong Kong was echoed by Hong Kong Institute of Planning member Winston Chu.

The scale and intensity of the reclamation projects are "unrivaled anywhere in the world and no other city has ever proposed such a drastic change to its environment," Chu said.

"The adverse impact of these alarming proposals are many," he said.

Apart from destroying the unique harbor, they also constrict the city's available breathing space, he said, adding that narrowing of the harbor would also have an adverse impact on shipping, increasing the danger of collisions.

The reclamation projects of the Hong Kong government have also been criticized by China, which has accused the British Hong Kong Authorities of destroying the local environment by launching such projects.



The Chinese side has repeatedly demanded the provision of related information on the projects, which, however, has been flatly refused by the British side.

Organized by the Hong Kong Institute of Planners, the University of Hong Kong and the Chinese University, the conference, which started on Wednesday [12 April], had drawn the participation of a number of prominent overseas and local urban planning experts.

#### **Guangdong Authorities Request Cooperation**

HK1304070695 Hong Kong *EASTERN EXPRESS* in English 13 Apr 95 p 1

[By Becky Pun]

[FBIS Transcribed Text] China has asked for Hong Kong police co-operation in tracking down the mastermind behind an alleged car-smuggling operation that led to the arrest of two Hong Kong men by a Chinese gunboat in territory waters last month. But the confrontation between Hong Kong and China over the arrests continued without any sign of immediate resolution. The Government insists that the Hong Kong citizens be returned for any trial, because it claims the March 18 incident happened in Hong Kong waters.

According to the director of Zhuhai People's Procuratorate, Zhao Zhenliang, Zhuhai police have sought, through Interpol, assistance by Hong Kong police to find a man named Ah Kuen, who is believed to have organized the alleged operation.

Zhao confirmed that the two Hong Kong crewmen, Lai Wah and Kong Long-hoi, had been "officially arrested". The procuratorate is now studying information before deciding if they will be tried, and when. Zhao denied reports that the men will be tried on Sunday [16 April]. He said if the two were to be tried, their relatives would be informed before, so that solicitors could be engaged for their defence.

Earlier, Zhao said that there could be three options in dealing with the two: They could be prosecuted and sentenced, prosecuted and given a suspended sentence, or they could be freed after escaping charges. Although Zhao did not disclose what option would be taken, he said the Zhuhai procuratorate was more anxious to find the mastermind behind the case. "They (Lai and Kong) were just employed by someone else to do the smuggling," Zhao said. "We are satisfied that they had not yet gained any profits out of what they did. It is clear that the two were nothing more than accomplices."

The dispute over the incursion has been proceeding at the diplomatic level. A British Foreign Office minister, Alastair Goodlad, summoned the Chinese ambassador to Whitehall last month to demand a clarification of the incident.

Chinese authorities have told the Hong Kong Government that the Zhuhai security vessels "inadvertently"

encroached upon Hong Kong waters. They claim the two men were arrested in Chinese waters, but when accompanying the Hong Kong vessel to the mainland, the Zhuhai vessel lost track of the boundary because of bad weather.

The incursion prompted the Governor, Chris Patten, to order Hong Kong's marine police to harden their attitude towards any intruding vessels. The move was condemned by pro-China press in Hong Kong as an attempt to provoke a "new opium war".

It is known that with a high level of smuggling in recent years, and the prospect of profits from confiscating smuggled goods, Chinese customs vessels have been concentrating more on anti-smuggling operations. All confiscated goods are auctioned in China, with most of the money going to the central government. Part of the remaining cash is kept by the local government, while a small portion is awarded to the team that catches the smugglers.

#### **Editorial Praises Recent Civil Appointments**

HK1304070895 Hong Kong *HONGKONG STANDARD* in English 13 Apr 95 p 14

[Editorial: "New Civil Servants Inspire Confidence"]

[FBIS Transcribed Text] If the Hong Kong government is to meet the challenges of the transition period, one of its top priorities must be to reshape its senior civil service ranks to be ready for the transfer of sovereignty—and, perhaps, beyond. That is why we welcome the news that the latest round of civil service musical chairs has seen a number of up-and-coming Hong Kong Chinese appointed to key administrative positions.

The appointments were long overdue. The pundits in our midst regularly scan each new list of appointments in search of an overall pattern or trend. They have usually, in the past, been disappointed. All too often, there has been no trend—just a list of names. Time and time again, we have been weary witnesses to the same tired old game of musical chairs without a tune. But that was the past. The latest reshuffle, we believe, is far more significant. The appointments must be applauded for the assurance they give that our future will be in good hands.

The fact that they are not old hands may raise a few eyebrows. Some will point out that the administrative field, unlike scientific or technical work, benefits from the presence of coolheaded older people who are less likely to be impetuous and more likely to view things in a broader perspective. But the policy secretaries and department heads appointed this week are not that young. They are, in the main, in their early 40s. But they are still young enough not to be burdened with an excess of colonial baggage and an outdated way of thinking. We believe they will bring a fresh outlook to the government.

We also believe the time had come for these rising stars to take over key posts. The expatriates who have held top

posts in the public and private sectors for so long will have to leave. Older local officers, like retiring Secretary for Education and Manpower Michael Leung, are also ready to go. Mr Leung has indicated he is not interested in returning to the government fold after retirement. Nor does he wish to become Commissioner of the Independent Commission Against Corruption.

With his politician's eye for public relations, Governor Chris Patten is well aware of the need to promote young local people to top jobs. But youth and "localness" must not be the only criteria for promotion. The men and women who succeed people like Michael Leung must have abundant administrative ability, leadership qualities and management skills if they are to cope with potential crises in the future.

We have pointed out in the past that the Chinese word for "crisis" combines the characters for "danger" and "opportunity". And these latest appointments demonstrate that whatever dangers may lie ahead, the approach of 1997 is bringing important opportunities for young local people. And about time, too.

## Macao

### Reportage of Portuguese President's Visit

#### Official Hopeful About Visit

HK1104044595 Beijing CHINA DAILY in English 11 Apr 95 p 2

[By Xie Liangjun: "China, Portugal Move Ahead on Macao"]

[FBIS Transcribed Text] Senior Macao affairs official said that cooperation between China and Portugal on the transition of Macao's sovereignty is progressing.

Chen Ziyang, Deputy Director of the Hong Kong and Macao Affairs Office of the State Council, said yesterday in Beijing that since the Chinese and Portuguese governments signed the Joint Declaration on the Question of Macao in April 1987, mutual visits of Chinese and Portuguese leaders have been frequent. This is conducive to enhancing such cooperation, he said.

In an interview with China Central Television (CCTV) and China Daily, Chen noted that Portuguese President Mario Soares arrived in Beijing yesterday afternoon to start a weeklong visit in China.

"I hope that his visit will contribute to the two countries' bilateral relations in general, and our cooperation on Macao in particular," said Chen, who served as a Chinese ambassador to Portugal from January 1987 to May 1989.

Soares is expected to hold discussions with Chinese leaders on the smooth transition of power in Macao. Chen said that he too will attend the discussions.

According to the Basic Law of the Macao Special Administrative Region adopted by the National People's Congress two years ago, China will resume sovereignty over Macao on December 20, 1999.

The Chinese and Portuguese Governments have so far had no major conflicts about the Macao transition of power.

However, the Chinese have insisted that the Portuguese Macao authorities should do more to promote localization of civil servants and law, as well as doing more to make Chinese the official language.

The Sino-Portuguese Joint Liaison Group will speed up its work on the basis of the Joint Declaration in a bid to step up preparations for the power transfer, said Chen.

#### Soares Proposes 'Observer' Status

HK1104070695 Hong Kong HONGKONG STANDARD in English 11 Apr 95 p 4

[By Harald Bruning in Macao]

[FBIS Transcribed Text] Portuguese President Mario Soares has proposed that Macao become an observer in the community of Portuguese-speaking countries after the 1999 handover.

Mr Soares, who made the proposal in an interview with the local radio and TV station Teledifuso de Macao, said Macao could be linked to the Portuguese communities of Portugal, Brazil, Angola, Mozambique, Guinea-Bissau, Sao Tome E Principe, and Cabo Verde.

"All are members of the United Nations and Macao could be granted observer status (in the Portuguese-speaking seven-nation community), allowing the territory to have access to more than 200 million people, which is something that is not negligible even for China," Mr Soares said.

Portuguese will remain an official language in Macao after its transition to Chinese sovereignty on 20 December 1999.

Mr Soares also said he respected the "thinking and civilisation of the Chinese".

Mr Soares said shortly before leaving Macao for his first state visit to China yesterday that he was "very content" with his three-day visit to Macao. He was impressed by the "boom of immense progress" underlining the state of harmony among the enclave's different ethnic groups—Chinese, Portuguese, and Macanese.

Mr Soares said he had informed the official Xinhua News Agency that, in addition to matters in connection with the Macao transition, the "strengthening of relations between the European Union and China" would be one of the major topics on his agenda in his Beijing talks.

The 70-year-old Portuguese president, who will begin a week-long state visit to China this morning, also said

Portugal was an "old friend" of China. His visit was meant to strengthen feelings of "empathy and sympathy" between the Portuguese and Chinese.

Xinhua said in a dispatch released on Sunday that Mr Soares' visit would "contribute to the development of friendly ties between the two countries and benefit cooperation over Macao".

During his stay in Macao, Mr Soares repeatedly emphasized that Portugal was "absolutely faithful" to the Sino-Portuguese Joint Declaration on the Question of Macao. Mr Soares is scheduled to meet Chinese President Jiang Zemin, Premier Li Peng, and Vice President Rong Yiren during his visit to the Chinese capital.

Mr Soares and his entourage, which includes Foreign Minister Durao Barroso and Macao Governor General Vasco Rocha Vieira, left for Beijing from Hong Kong's Kai Tak Airport on a special TAP flight late yesterday afternoon.

#### Jiang, Soares Discuss Future

HK1204083895 Beijing CHINA DAILY in English 12 Apr 95 p 1

[By Ma Chenguang: "Macao's Transition Discussed"]

[FBIS Transcribed Text] The coordinated efforts of China and Portugal are certain to bring an appropriate settlement to any problems which may arise before the transfer of Macao to Chinese rule in 1999, President Jiang Zemin said yesterday in Beijing.

Meeting with visiting Portuguese President Mario Soares in the Great Hall of the People Jiang added that this coordination will ensure a smooth transition of power and safeguard the region's long-term stability and development.

Jiang said the fruitful cooperation over the Macao issue following the Sino-Portuguese Joint Declaration signed in 1987 is a model to the world on how to handle disputes left over by history.

Soares, who arrived in Beijing on Monday for a six-day visit at Jiang's invitation, told the Chinese president that both sides should step up efforts to ensure a "perfect settlement" to the issue.

And Jiang said the visit by Soares will only serve to strengthen Sino-Portuguese cooperation on the Macao issue.

The Chinese president also reaffirmed China's sincerity and determination to re-enter the General Agreement on Tariffs and Trade (GATT), now known as the World Trade Organization (WTO).

As part of its reforms and opening-up, China needs to join the world's multilateral trade regime, he said, but added that the WTO also needs China.

The country's resolve to set up a socialist market economy will not falter, he said.

But in re-entering the GATT as a developing nation, he added, China will fulfill its obligations without sacrificing its principles.

He called on all concerned parties to take a long-term view on the issue.

"Without China, which is the world's 11th-largest trade nation, the WTO will be incomplete," he said, adding that China has not closed the door to negotiations.

"Whenever China joins the WTO, it will continue to enlarge its economic and trade cooperation with other countries and regions," he said.

Soares told Jiang that Portugal supports China's re-entry into the WTO.

Jiang said China is ready to make a concerted effort to promote ties with Portugal based on the principles of equality, mutual respect and mutual benefit.

Turning to economic and trade relations, Jiang noted that economic cooperation and the trade volume between the two countries has risen rapidly in recent years.

Jiang pledged to overstep the bounds of traditional trade, explore new channels, and increase mutual investment to propel Sino-Portuguese trade ties to a "new stage."

Soares said the Portuguese people share a common view on developing Portuguese-Chinese ties, adding that the Portuguese Government will actively push such ties.

He called on entrepreneurs of both countries to increase trade cooperation.

#### Soares Meets Rong Yiren

LD1204134995 Lisbon RTP Internacional Television in Portuguese 1100 GMT 12 Apr 95

[FBIS Translated Excerpt] President Soares seems to have obtained important results during his visit to China. The Chinese president has already accepted a proposal to overcome the differing views over the Orient Foundation. Another assurance from Beijing relates to the future status of Macao: The Chinese have made assurances that they will respect the law in force in that territory and that the death penalty issue will only depend on the legislation of Macao. This morning, Mario Soares discussed economic issues with the Chinese vice president, but dedicated most of his time to the small Portuguese community in China:

[Begin Joaquim Fernandes recording] The second day of Mario Soares' official visit to China was dedicated to contacts relating to the Portuguese cultural presence in China. Before lunch, Mario Soares visited a literature



exhibition about Chinese authors edited in Portuguese and Portuguese authors edited in Chinese. [passage omitted] [end recording]

President Soares met early this morning with the Chinese Vice President, Rong Yiren. The Portuguese President gave us details about the economics content of their conversation:

[Begin President Soares recording] We talked about EFACEC [electronics manufacturer], about the cements plant which will be built in (Jiangmen), about Marconi, about wines and joint projects which involve Portuguese wine making expertise, and about the shoe industry. [end recording]

[Begin Fernandes recording] Mario Soares again raised the human rights issue and, as of yesterday, during his

meeting with Jiang Zemin, he encountered a certain openness towards dialogue over the issue.

This is the second day of President Soares' visit to China and it is also the second time that he had the opportunity to talk to Chinese authorities about the human rights issue. Mario Soares will have a third opportunity later today when having dinner and meeting with Prime Minister Li Peng.

In the meantime, President Soares heard Vice President Rong Yiren say this morning that he would like to have Soares' view on all that he is observing in China.

We have also been informed that yesterday President Soares handed President Jiang Zemin a formal invitation to visit Portugal. This same invitation was today extended to Vice President Rong Yiren. [end recording]

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